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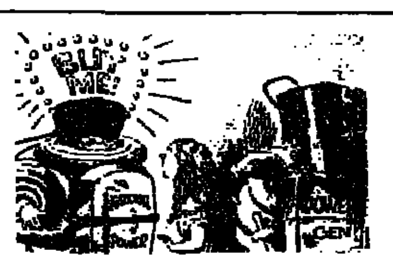

EUROPE'S BUSINESS NEWSPAPER

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Weekend February 23/February 24 1991

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THE UNIVERSITY OF JORDAN SERIALS DIVISION

WORLD NEWS

Labour tax incentives for investment

The Labour party will announce on Monday that new tax incentives to encourage manufacturing investment and innovation will be among the main planks of its industrial policy for the next election.

The proposals, which follow extensive consultation between the party's frontbenchers and industrialists, are expected to include tax credits for R&D above the existing allowance, as well as greater incentives for private individuals to invest in unquoted manufacturing companies. Page 22

Soviet PM mends links

Soviet prime minister Valentin Pavlov said he "regretted" that his accusations last week that western banks and foreign companies were involved in a rouble scandal aimed at destroying the Soviet economy were interpreted as an attack on western business. Page 3

Ravenscraig job losses

British Steel is to cut the workforce at its Ravenscraig plant near Motherwell in Lanarkshire by a further 1,100, blaming increasingly difficult trading conditions. Page 4

Gandhi ally assassinated

Suspected Assam separatists shot dead Manabendra Sharma, general secretary of the local branch of former Indian prime minister Rajiv Gandhi's Congress party. Balbir Singh Chamaru, a leader of the Sikh hardline Akali Dal party, was also killed at his home in south-east Punjab. More than 20 politically-related killings have been reported since Thursday.

Britain's first astronaut

Helen Sharman, a 27-year-old chemist from Surbiton, will become the first Briton in space when she joins an Anglo-Soviet mission in May, the Juno project's sponsor, Moscow Narodny Bank, said.

Riot at Hong Kong camp

Hong Kong police fired tear gas to quell a disturbance at the Whitehead detention centre, which houses almost 22,000 Vietnamese boat people. Officials said a scuffle broke out as police searched the compound for home-made weapons.

Albanian asylum bid

A group of 27 Albanians, including 24 servicemen, commandeered an Albanian naval vessel in the port of Vlore, sailed 80 miles to Brindisi in southern Italy and requested political asylum, officials said. Tirana calm, Page 3

Guatemala bomb attack

A bomb explosion at the Centro Financiero, a 16-storey building in Guatemala City, caused minor damage to the British embassy offices, but no one was injured, police said.

Jewel export is halted

The arts minister, Timothy Renton, has put a temporary stop on the export of the Middleham Jewel, a 15th century gold and sapphire pendant which would originally have contained a reliquary. A British gallery or museum has until April 17 to raise £2.5m to keep the jewel in the UK.

Liverpool boss quits

Kenny Dalglish, manager of football league champions Liverpool, resigned yesterday

Liberia talks collapse

Liberian rebel leader Prince Johnson said he had rejected a pact with his rival Charles Taylor on the future government of Liberia and an end to the country's 14-month-long civil war.

BUSINESS SUMMARY

Sterling at highest level for a month

Sterling closed in London at DM2.925, its highest level since January 30, providing evidence that the UK could cut interest rates further without damaging the pound's position in the exchange rate mechanism.

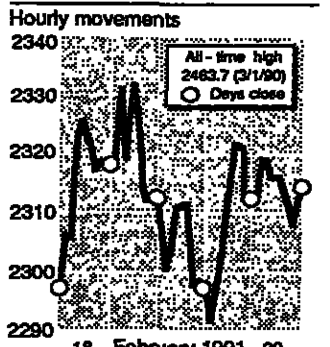
Sterling's weak position in the ERM over the past month has constrained the government from making large cuts in interest rates.

However, the rise of nearly 1 pfennig in the pound's value was accompanied by largely ineffective action by the Bank of England intended to damp expectations about an imminent reduction of base rates, now at 13.5 per cent.

Speculation about an easing in borrowing conditions barely disturbed the London stock market, with the FT-SE 100 index closing up 1.9 at 2,314.3, a rise of 17.4 on the week. On Wall Street, shares rose on hopes of peace in the Gulf, with the Dow Jones Industrial Average up 25.99 to 2,917.82 at midsession. Foreign exchange, Page 11; London stocks, Page 13; World markets, Page 19

FT-SE 100 Index

Hourly movements



LLOYDS opened the clearing banks' results season gloomily by reporting 1990 pre-tax profits of £591m, at the lower end of market expectations.

BARCLAYS, first of the big four UK clearing banks to enter pay talks this year, said it had won union negotiators' backing for a revised contract offer. Page 5

NATIONAL Power and PowerGen are to be floated with a fully-paid share price of 175p and an annual dividend yield of 6.3 per cent, the government confirmed. Page 4; Lex, Page 22

GRAND Metropolitan, UK food, drinks and retailing group, said it had reached agreement on revisions to the breweries-for-pubs swap with Courage, the UK subsidiary of Foster's Brewing. Page 8

BRITISH Steel blamed increasingly difficult trading conditions for its decision to cut a further 1,100 jobs at its Ravenscraig plant near Motherwell, Lanarkshire. Page 4

UK ECONOMY shows no sign of an early upturn, according to the Central Statistical Office's longer leading indicator. It fell by a third of a percentage point in January after two months during which it stayed constant. Page 4

PANCONTINENTAL Mining of Australia announced a loss of A$83.7m (£33.7m) for the six months to December after writing off A$87.8m, mostly against its gold operations.

SAGA Petroleum, Norway's largest independent oil company, said strong crude prices had lifted profits in 1990 to a record NKr1.16bn (£102.1m), before extraordinary items, from NKr911m in 1989. Page 10

ITALY'S first capital gains tax on stock market dealings was approved by parliament. Investors will be taxed at a rate of either 25 or 15 per cent. Page 8

MARKETS

STERLING
New York lunchtime:
$1.9425
London:
$1.944 (1.9575)
DM2.925 (2.9175)
FFr9.9475 (9.925)
SFr2.5075 (2.495)
Y257.0 (257.0)
£ index 94.4 (94.3)

GOLD
New York: Comex Apr
$358.3 (364.2)
London:
$358.75 (364.35)

N SEA OIL (Argus)
Brent 15-day Apr
$16.8 (17.425)

Chief price changes yesterday. Page 22

DOLLAR
New York lunchtime:
DM1.5065
FFr5.125
SFr1.2924
Y132.3
London:
DM1.504 (1.4905)
FFr5.1175 (5.07)
SFr1.2895 (1.274)
Y132.25 (131.35)
$ index 60.7 (60.5)
Tokyo close: Y130.85

US LUNCHTIME RATES
Fed Funds 6%
3-mo Treasury Bills:
yield: 6.09%
Long Bond:
97¾
yield: 8.07%

STOCK INDICES
FT-SE 100:
2,314.3 (+1.9)
FT Ordinary:
1,846.7 (+2.1)
FT-A All-Share:
1,117.02 (+0.1%)
New York lunchtime:
DJ Ind. Av.
2,917.82 (+25.99)
S&P Comp
368.58 (+3.6)
Tokyo: Nikkei
25,902.81 (−121.56)

LONDON MONEY
3-month interbank:
closing 12⅞% (same)
Liffe long gilt future:
Mar (93) (92$\frac{27}{32}$)

Moscow talks with Aziz centre on 6-point plan for withdrawal from Kuwait

Firm stance: the presidential team of George Bush and Dan Quayle (right) appear outside the Oval Office to issue an ultimatum to Iraq

Bush ultimatum to Iraq

By **Peter Riddell** in Washington, **John Lloyd and Leyla Boulton** in Moscow and **Robert Graham** in London

PRESIDENT George Bush yesterday brushed aside Iraqi attempts to condition any withdrawal from Kuwait and dictated a curt ultimatum to accept an unconditional pull-out by 5pm British time today.

But last night Mr Tariq Aziz, the Iraqi foreign minister, was still trying to negotiate a better withdrawal deal in talks in Moscow with Soviet officials.

This centred on the Soviets trying to broker a six-point agreement, acceptable to both the Iraqis and the 28 nation coalition which had rejected earlier Soviet proposals.

As this complex diplomatic game between Washington, Moscow and Baghdad was acted out into the night it became clear that the Gulf war had reached a critical, possibly final, stage.

The fresh Soviet proposals dropped a controversial condition from the earlier plan that all United Nations sanctions against Iraq be removed when only two thirds of its troops had withdrawn from Kuwait.

This Soviet attempt to allow Iraq an honourable end to the Gulf conflict appeared to fall short of allied demands.

The US ultimatum was closely co-ordinated with other members of the coalition as well as with the Soviet Union. However, it narrowed the scope for any Soviet deal with Mr Aziz, who arrived in Moscow late on Thursday and has been locked in near-continuous negotiating sessions.

President Bush set tight conditions, insisting all Iraqi forces leave Kuwait City and that all prisoners of war be released within 48 hours of the deadline. All explosives and booby traps also had to be removed within the same time frame.

Behind this was an explicit warning that the start of a gound offensive was being delayed only if and until Iraq was seen to comply with these terms.

President Saddam would be allowed one week to remove some 350,000 Iraqi troops in Kuwait, which would involve leaving some heavy armour behind. Any attacks on other countries, implying Israel, would undermine the agreement.

In contrast, the six-point Soviet plan which Soviet officials said Iraq had accepted, included a 21-day withdrawal period. The plan talked of a ceasefire, implying a full cessation of hostilities. The allies have never talked of a ceasefire, merely withdrawal.

President Bush underlined the urgency of the situation in Kuwait where Iraq had started "a scorched earth" policy, setting fire to some 140 oilwells. He left President Saddam in no doubt that this was the last chance to avoid a full scale land offensive.

Mr Marlin Fitzwater, the White House spokesman, said: "We've said we're holding off on the ground war pending this opportunity. We will wait and see what happens and make decisions accordingly."

Although there would be no formal ceasefire, Mr Fitzwater said "we will exercise restraint so long as withdrawal proceeds".

The Soviets claimed a breakthrough in persuading Iraq early today to accept an eight-point plan for withdrawal from Kuwait.

But allied leaders reacted coolly because it attached too many conditions which ignored the unequivocal demand for an unconditional Iraqi withdrawal in United Nations Security Council resolution 660. Later the Soviets tried to put fresh proposals to the Iraqis meeting some of the objections but to no avail.

The US described its ultimatum to Iraq as "a final effort to obtain compliance with the will of the international community."

The US plan represented an attempt to regain the initiative and demonstrated a growing impatience with President Saddam's refusal to declare his hand after his military machine has sustained heavy punishment from 37 days sustained bombardment.

Mr Bush, who spoke for half an hour with Soviet leader Mikhail Gorbachev on Thursday and again for 75 minutes yesterday, said the US appreciated the Soviet initiative.

But its plan set a number of conditions which were unacceptable to the coalitio and not in compliance with United Nations Security Council resolutions demanding immediate and unconditional withdrawal.

The White House said there was no indication that Iraq was prepared to withdraw immediately. Mr Fitzwater said the world needed to be assured in concrete terms of Iraq's peaceful intentions, the renunciation of its claims to Kuwait and acceptance of all relevant UN resolutions before the Security Council could agree to lift sanctions.

Continued on Page 22

GULF WAR

Saddam's army sets Kuwaiti oil wells ablaze

By **Victor Mallet** in Riyadh

IRAQI forces set alight more than 140 oil wells in Kuwait yesterday, darkening the skies over the country, in what President George Bush described as a scorched earth policy.

The Iraqi action may be a prelude to withdrawal or a tactic designed to blunt the effectiveness of allied air power.

President Bush said President Saddam Hussein's troops were wantonly setting fire to and destroying oil wells, oil tanks, export terminals and other installations of Kuwait. They were systematically destroying the country's entire oil production system.

"It looks like he's carrying out his policy of destroying Kuwait," said Brig-Gen Richard Neal, deputy director of US Central Command in Riyadh, in a reference to President Saddam. "There seems to be an orchestrated, systematic destruction of the oil-producing capability of Kuwait."

Brig-Gen Neal said the Iraqis were active in all of Kuwait's oilfields, suggesting that they might want to set alight all 950 wells in the country.

Previously, the Iraqis had set fire to between 40 and 50 wells, many of them in southern Kuwait, mainly to obscure troop deployments. Allied pilots, however, recently started to notice a much greater volume of smoke.

"At least 100 wells have been exploded or torched in the last 24 hours," said Brig-Gen Neal. The Iraqis were also destroying more sophisticated facilities, such as refineries and gas-oil separation plants.

Up to a quarter of Kuwait was covered in black smoke, he said, but insisted that military operations would not be severely affected because allied troops had expected this. "Our forces are prepared to operate

Continued on Page 22

Concern in Baghdad that the worst is yet to come

By **Lamis Andoni** in Baghdad

SOVIET diplomatic efforts raised hopes in Baghdad yesterday that the war may be coming to an end, but Iraqis were equally aware that the next 48 hours could be the beginning of the toughest stage of the one-month old conflict.

The main concern expressed in the capital is that an Iraqi acceptance to withdraw from Kuwait may not be sufficient to prevent an allied ground attack. "Iraq's position might not make a difference if the real US goal is to destroy Iraq and its military power," said one Iraqi. A well-placed Iraqi source said officials in Baghdad were disappointed with the US reaction to the Soviet proposals. The Iraqi government, he said, expected a slightly more positive response.

There are many indications that Iraq is giving priority to preserving its sovereignty and ensuring that its regional role will not be infringed upon by any US-backed security arrangements in the area.

On the other main issue of linking the Gulf crisis with the Palestinian question, Iraqi officials said there were two possible scenarios that the country would consider.

The first was to drop the demand for the US to endorse a formal linkage in return for Soviet guarantees that Moscow, and the European countries, including France, Germany and Italy, would push for a Middle East peace process to start immediately after the war.

Another possibility is for Iraq to demand a Security Council declaration stressing the urgency of addressing all the problems in the region.

Neither Jordan nor the Palestine Liberation Organisation (PLO) are expected to oppose either scenario. "For many in the Arab world, the destruction of Iraq and the stripping of its military power, would seriously undermine prospects for a solution to the Palestinian problem," said a Palestinian close to the PLO.

Meanwhile, the Iraqis expect the US and the allied forces to keep up the political and military pressure to extract more concessions. The Iraqis, however, are not taking any chances and all the signs suggest that Baghdad is poised for the fiercest round of this war.

CONTENTS

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The US wants to make New York, not Moscow, the focus

Bush terms meant to humiliate Saddam

By Lionel Barber in Washington

THE allied terms for Iraqi withdrawal from Kuwait are stiff and explicit. In contrast to the six-point plan put forward by the Soviet Union yesterday, they offer no prospect of face-saving measures for President Saddam Hussein; indeed, they seem designed to guarantee his humiliation, if not his removal from power.

Iraq must start a "large-scale" withdrawal from Kuwait by noon today, and the retreat should be completed within a week. A pull-out which unfolded at that speed would almost certainly require the Iraqi army to abandon substantial amounts of tanks and other military equipment.

This demand should go some way towards easing allied concern about Iraq's military machine and its future capacity to threaten the region.

The geographical scope of Iraq's retreat is also carefully defined. Mr Saddam must withdraw to the positions occupied as of August 1 last year – the day before his tanks and troops invaded Kuwait.

Significantly, this covers Bubiyan and Warbah islands and Kuwait's Ramallah oilfield. These locations, which offer Iraq strategic access to the Gulf, were often mentioned last year as possible incentives to Mr Saddam to relinquish Kuwait as part of a deal brokered by Saudi Arabia.

The allied terms also provide specifically for the "prompt" return of the legitimate government of Kuwait and the withdrawal of Iraqi forces within 48 hours from the country's capital, Kuwait City.

In contrast, the Soviet statement promised that all UN resolutions against Iraq would lapse once all Iraqi forces had left Kuwait. These included the restoration of the pre-invasion government of Kuwait – a central US objective.

The allied terms spell out that the United Nations sanctions against Iraq can only be lifted once Iraq has given evidence of its peaceful intentions, through an immediate and unconditional withdrawal

If sanctions are lifted early, the allies warn, "Saddam Hussein could simply revert to using his oil resources once again – not to provide for the well-being of his people, but instead to re-arm."

By calling on Iraq to accept the allied terms publicly in a statement to the UN, Mr Bush is seeking to keep Mr Saddam's nose pressed firmly to the ground, but he is also removing the centre of gravity from Mr Gorbachev in Moscow to the UN in New York.

Aside from the strong political content in the allied terms, there is evidence that plenty of thought was applied overnight to the military conditions for an Iraqi pull-out.

Civilian and military commanders in the multinational coalition have warned that an Iraqi withdrawal which was less than total could lead to allied casualties. Memories of politically inspired ceasefires in the Korean war remain strong in Washington.

Thus, the allies require exclusive control of all Kuwaiti air-space; the removal of all explosives and booby-traps around oil installations; and full data on the myriad mines on land and at sea. Defusing these mines presents an enormous task, as British forces discovered during their re-occupation of the Falkland Islands after the Argentine occupation.

Although the US and its allies promise not to attack retreating Iraqi forces, they warn Iraq that this restraint will only be exercised on condition that Baghdad refrains from attacks on other countries – a clear reference to the continuing Scud missile strikes against Israel and Saudi Arabia.

The allied terms call for the immediate release of all prisoners of war as well as third-country civilians (such as the CBS news crew believed to held in Baghdad).

There is no suggestion that these moves should be conditional on an allied cease-fire. Instead, reflecting the tough tone of the allied terms, the best Mr Saddam can hope for is an allied pledge not to launch a ground war by noon tomorrow, if he complies with UN sanctions and accepts the terms of what would amount to a clear political, and fairly conclusive military, defeat.

White House press secretary Marlin Fitzwater laid down a tough timetable and strict conditions for the Iraqi pullout that President George Bush referred to earlier in the day.

His prepared statment read:

"First, Iraq must begin large scale withdrawal from Kuwait by noon New York time, Saturday, February 23. Iraq must complete military withdrawal from Kuwait in one week. Given the fact that Iraq invaded and occupied Kuwait in a matter of hours, anything longer than this, from the initiation of the withdrawal would not meet *resolution 660's requirement of immediacy*. Within the first 48 hours, Iraq must remove all its forces from Kuwait City and allow for the prompt return of the legitimate government of Kuwait.

"It must withdraw from all prepared defences along the Saudi-Kuwait and Saudi-Iraq borders, from Bubiyan and Warba Islands, and from Kuwait's Ramallah oil field. Within the one week specified above Iraq must return all its forces to their positions of August 1st in accordance with resolution 660.

"In co-operation with the international Red Cross Iraq must release all prisoners of war and third-country civilians being held against their will and return the remains of killed and deceased servicemen.

"This action must commence immediately with the initiation of the withdrawal and must be completed within 48 hours. Iraq must remove all explosives or booby traps including those on Kuwaiti oil installations and designate Iraqi military liaison officers to work with Kuwaiti and other coalition forces on the operational details related to Iraq's withdrawal... to include the provision of all data on the location and nature of any land or sea mines.

"Iraq must cease combat air fire, aircraft flights over Iraq and Kuwait except for transport aircraft carrying troops out of Kuwait, and allow coalition aircraft exclusive control over and use of all Kuwaiti air space.

"*It must cease all destructive actions against* Kuwaiti citizens and property and release all Kuwaiti detainees.

"The US and its coalition partners reiterate that their forces will not attack retreating Iraqi forces, and further will exercise restraint so long as withdrawal proceeds in accordance with the above guidelines and there are not attacks on other countries.

"Any breach of these terms will bring an instant and sharp response from coalition forces in accordance with United Nations security Council 678."

Answering questions afterwards, Mr Fitzwater said the allied effort would give Saddam "a chance to save his country".

"We've said we're holding off on the ground war pending this opportunity. We will wait and see what happens and make decisions accordingly," he said.

Ultimatum reflects US fears about Soviet plan

By Lionel Barber

PRESIDENT George Bush's ultimatum to Iraq to begin withdrawing its forces from Kuwait by noon today reflects serious reservations in Washington about Soviet efforts to broker a peaceful resolution of the Gulf war.

Although Mr Bush was careful to express appreciation yesterday for President Mikhail Gorbachev's mediation efforts, his subsequent statement highlighted what he sees as flaws in the eight-point plan agreed between Moscow and Baghdad the previous night.

In Washington's view, Moscow's attempt to offer a face-saving compromise to President Saddam Hussein risked diluting the United Nations resolutions calling for an immediate unconditional retreat; worse still, it could allow Mr Saddam, the long-time Moscow client, to declare a political victory before the allies had sufficiently weakened Iraq's military machine.

More seriously, the White House expressed fears yesterday that the Soviet plan calling for an early lifting of the UN trade embargo could allow Iraqi to use its oil revenues to rearm and therefore continue to threaten stability in the region.

Mr Bush's statement yesterday sought to stiffen the Soviet conditions for Iraqi withdrawal by shifting the onus to Mr Saddam to take positive steps in that direction.

The Soviet proposal envisaged an Iraqi pull-out on the second day of an allied-initiated ceasefire; but Mr Bush wants Baghdad to start pulling out its troops by noon Washington time (1700 GMT) today, coupled with an unambiguous statement by the Iraqi president which would in effect acknowledge defeat before his own people and the Arab masses.

As Mr Peter Rodman, a former senior national security adviser to Mr Bush, wrote in the New York Times yesterday: "The perception of the unambiguous defeat is crucial... the best that we can do may be to create conditions – his expulsion from Kuwait, the humiliation of his army and Republican Guard – that would undermine him."

> Moscow's moves have cost the allies moonless nights and high tides

The joint Iraqi-Soviet agreement, refined in high-level talks in Moscow down to six points yesterday, leaves this outcome in doubt. UN resolutions against Baghdad would lapse following total withdrawal of Iraqi forces. There was no mention of Iraq paying compensation to Kuwait for its near-seven-month occupation; nor is the question of war crimes addressed.

One US official cautioned yesterday that an early end to the UN trade embargo opened the door to the rearming of Iraq, possibly by an economically strapped Soviet Union desperate for hard currency.

A phased withdrawal could also jeopardise allied war planners' efforts to force the Iraqis to leave their heavy armour behind in what the US-led coalition hope will be a swift, shameful retreat.

The Soviet proposal called for the Iraqi withdrawal to be completed within 21 days and withdraw from Kuwait City within four days. Unlike UN resolutions, the Soviet plan does not precisely define the geographical points to which Iraqi troops should withdraw – a concern raised by exiled Kuwait officials yesterday.

From the military perspective, Mr Bush's ultimatum is designed to end the waiting game which the coalition has been forced to play this past week.

Already, Moscow's diplomatic manoeuvres have cost the allies successive moonless nights and high tides, the most favourable time for launching a ground offensive.

Military officials have warned the president that the fighting edge developed by coalition forces could be dulled if delays continue. Mr Bush's promise of an early, violent ground offensive to liberate Kuwait remains in tune with the accelerating tempo of Operation Desert Storm – rather than with the pause called for by the Moscow.

Before Mr Bush's statement yesterday, one US official said the president might have found it painful to accept the Soviet plan, but he probably would have found it even more painful to reject. By exposing the weaknesses in the Soviet plan and coming up with new terms agreed with his allies in the multinational plan, Mr Bush in effect trumped Moscow's hand.

Kuwaiti soldiers listen to the latest news on the fate of their country, while sitting in the desert on the Saudi-Kuwait border. The sky is black with smoke from burning oilfields.

Soviet president reaches out for a real peace prize

By Leyla Boulton in Moscow

PRESIDENT Mikhail Gorbachev is trying to be all things to all men in the Gulf crisis. But it is not clear how much longer he will be able to perform a balancing act between the western allies and hard-line communist comrades who want peace at any cost.

He is in danger of having to choose between the two unless his attempts to broker an end to the Gulf War can deliver a speedy Iraqi withdrawal from Kuwait and calm allied fears that there can be no lasting peace as long as President Saddam Hussein remains in power.

The prize of a peace settlement in the Gulf is no doubt worth pursuing for Mr Gorbachev. It offers several attractions. It would boost his international prestige, battered by repressive action at home soon after he won his Nobel Peace Prize last year.

It would defend his "new thinking" in foreign policy from attack by the Communist party's newly-confident military and political establishment. The latter are using the Gulf War to argue that Soviet diplomacy has been little more than a sell-out to the "imperialist west".

It would also avert fighting breaking out only 400km from the Soviet Union's southern border . And it would preserve a big role for the Soviet Union in the Middle East once the war is over.

"If diplomacy does succeed, this would be a very meaningful precedent for a foundation for a better future. The world will no longer be the same," Mr Vitaly Churkin, the foreign ministry spokesman, promised reporters yesterday.

He said western scepticism over peace proposals published by the Kremlin after President Gorbachev's talks with Mr Tariq Aziz, the Iraqi foreign minister, was due to a misunderstanding.

But the fact that President Bush was briefed by Mr Gorbachev early yesterday – while an excited Mr Vitaly Ignatenko, the presidential spokesman, was talking to reporters – makes the "misunderstanding" theory hardly credible. Rather, it suggests Moscow has been desperately trying to push Iraq towards an offer more acceptable to the western-led coalition, as Mr Gorbachev's abrupt cancellation of a news conference yesterday would also appear to suggest.

The Moscow talks resumed with a breakfast session between Mr Alexander Bessmertnykh, the foreign minister, and his Iraqi counterpart.

The eight points read out to reporters by early yesterday, were already "history" by the afternoon, according to Mr Churkin. "We have covered a very long road. During today's round of talks further progress has been made."

He cited, however, the need for further "intensive, high-level, and urgent" diplomatic efforts to be able to take their course.

Mr Ignatenko later disclosed the six-point plan for withdrawal, which was presented as a refined version of the earlier eight-point programme.

It is clear that Moscow's "road to progress" must involve obtaining a quick Iraqi withdrawal, guarantees of Kuwaiti sovereignty, and the removal of conditions such as a suspension of UN economic sanctions after Iraq pulls out two-thirds of its troops.

Even if this is achieved however, there is one big difference between Washington and Moscow which has not been explicitly spelled out but which could ultimately condemn Soviet peace efforts to failure. And that is whether President Saddam should be allowed to stay in power.

Soviet hardliners see the Iraqi leader as a friend, the man with whom Moscow still has a friendship treaty requiring both sides to fight "Zionism and imperialism". Although the Kremlin would probably not regret the departure of the Iraqi leader, it cannot now admit this in public.

> Soviet hardliners see the Iraqi leader as a friend, the man with whom Moscow still has a friendship treaty

But it must also find a way of persuading the US, Britain and Iraq's neighbours who belong to the coalition that Mr Saddam will not be a threat to the lasting peace required by UN resolutions.

With Mr Bush apparently determined to start a land war unless Iraq begins a withdrawal by noon Washington time today, Moscow has little time to achieve all these objectives. Mr Churkin said that the outbreak of a land war would seriously threaten chances for a peaceful settlement.

"We are concerned because land hostilities are very different from any kind of computer war-game, and they can so shake the international system that neither side would feel any gratification from hostilities taking place," he said.

If its efforts fail, Moscow will have at least laid the ground to tell the world and domestic critics that it tried its very best to stop the so-called "computer war-game" from escalating into an ugly "real" war.

The question which then arises is how far Mr Gorbachev will be prepared to strain his vastly improved relations with the US and the west – and jeopardise long-term economic assistance – by prevaricating on support for the allied cause.

White House expects US war costs of up to $77bn

By Peter Riddell, US Editor, in Washington

THE Gulf war could cost the US between $58bn and $77bn (£38.8bn) in the current fiscal year, according to formal estimates submitted to Congress yesterday by the Bush administration.

The administration is seeking $15bn in taxpayers' support, which has already been earmarked. In addition it will use all the $51bn so far pledged by Saudi Arabia, Kuwait, Japan, Germany and other allies for the first three months of this year.

These figures cover both the pre-war phase from the start of the fiscal year last October up to the outbreak of fighting in mid-January, and the costs of war itself.

The first three months of fighting is expected to cost between $25bn and $44bn, depending on the exact mix of air and ground campaigning. There are now 530,000 US troops in the Gulf region.

These estimates assume that fighting lasts until the end of March.

Of the $51bn in pledged foreign support, just under $15bn has so far been received in cash and services, mainly from Saudi Arabia, Kuwait and other Gulf states in the pre-war period. This mainly comprises about $10bn paid up to the end of December to cover costs of $11.1bn for that period.

There has been considerable irritation in Washington, both in Congress and the administration, at the slow rate of disbursement by Japan and Germany, especially since neither country is making any direct military contribution.

Germany has recently stepped up its payments to $3bn, in cash and equipment, while Japan has disbursed only $1.3bn.

Tough Washington stance on peace plan delights Israel

By Hugh Carnegy in Jerusalem

THERE was clear satisfaction within the Israeli government last night over President Bush's tough stance on the Soviet peace plan which Israel had feared would allow President Saddam Hussein to survive with much of his military strength intact.

A spokesman said Mr Yitzhak Shamir's government fully supported the US position.

Earlier in the day, Mr Shamir had expressed concern that an Iraqi withdrawal under the terms offered by Moscow would leave Israel facing a continuing threat from Iraq, which has fired more than 30 Scud-B ballistic missiles at Israel since the war began.

"Maybe we'll go through a short quiet period, but later this tragedy will repeat itself. Therefore we'd like to see a final solution to this danger and this threat," Mr Shamir said, reiterating the position Israel has held throughout – that its preferred outcome was the removal of Mr Saddam and the dismantling of his military might.

The official view was that Mr Saddam would not capitulate to the US demand. If he did, the humiliation it would signify would put in jeopardy his position at the head of the Iraqi regime.

The prospect of a full-scale ground war in Kuwait does hold serious worries for Israel, however. The government and military authorities have warned the public that Iraq may at that point attempt to launch missiles with chemical warheads at Israeli cities. To date, all the Scuds have carried only conventional explosives.

Before the Jewish weekend began yesterday, warnings were broadcast on the radio and television cautioning the public against complacency. People were advised to double-check the rooms in their houses sealed since the beginning of the war against chemical agents and to continue to carry their publicly-issued gas masks at all times.

The government has said the use of chemical weapons would change Israel's policy to date of not retaliating for Iraqi missile strikes. Mr Shamir stressed this again yesterday, saying: "If the conditions will change, it will change our behaviour. Our army is ready."

● Reuter adds: Israel may begin distributing anti-nerve gas tablets to its civilian population, the daily Yedioth Ahronoth newspaper reported.

The newspaper said health and civil defence officials were discussing the distribution of an Israeli-made tablet which provides partial protection against nerve gas.

Refugees flee Basra bombing

EPIDEMICS are sweeping the southern Iraqi city of Basra and 60 per cent of its 2m population has fled from allied bombs, according to refugees reaching Iran, Reuter reports from Nicosia.

The Iranian news agency IRNA quoted refugees as say-ing that contaminated water had brought an outbreak of diarrhoea and other diseases.

Basra, Iraq's second biggest city and a garrison town, has been the target of daily allied raids since the Gulf War began.

One refugee told the agency he had seen women and children mutilated by the air raids and said damage included some civilian targets.

Reporting based on formal and informal briefings by the military authorities of all the countries involved in the war is subject to various controls. "Pool" reports from the military zone in Saudi Arabia and reports from Baghdad have to be submitted to censors.

Full UK support for Washington's stance

By Ralph Atkins and Robert Mauthner

BRITAIN yesterday gave its full backing to US President George Bush's latest call for the unconditional withdrawal of Iraqi forces from Kuwait by 5pm GMT today.

After a meeting of the war cabinet, Mr John Major, the prime minister, said the US-led coalition's demands were not negotiable and the UN Security Council resolutions on Kuwait must be implemented in full.

Iraqi President Saddam Hussein also had to state "authoritatively and publicly" that he was proposing to carry out what was demanded of him.

"I hope they [the Iraqis] realise we are not prepared to bargain with them and we are really not prepared to be strung along by them," the prime minister said.

"What is necessary is perfectly clear: they have known what the Security Council resolutions are since November of last year. The time has now come for them to implement them. If they fail to implement them, then they will know what the consequences are, and I think everyone will know precisely where the blame will lie for any events that follow."

In Paris, meanwhile, Mr Roland Dumas, the French foreign minister, said after a meeting of the nine-nation Western European Union that member countries shared views on Mr Bush's statement.

He said President François Mitterrand had been on the telephone with Mr Bush only a few minutes before.

Earlier, the west European ministers had given qualified support to the Soviet peace plan as "a step in the right direction". However, they called for clarification and insisted on complete and unconditional withdrawal of Iraqi forces from Kuwait.

Allies keep up the military pressure

By Victor Mallet in Riyadh

ALLIED military commanders last night maintained the military pressure on Iraq amid the frantic diplomacy in Washington and Moscow, stepping up their bombing campaign in Kuwait, firing further artillery barrages, and sending ground troops across the northern Saudi border.

They denied, however, that the ground offensive proper had begun, as Baghdad had claimed, saying the real attack would be obvious when it came. Brig-Gen Richard Neal, deputy director of US Central Command in Riyadh, said the artillery bombardments of the last few days were "just the tip of the iceberg".

He quoted Gen Norman Schwarzkopf, the commander of US forces, as saying that the allies were fully prepared to execute any order from President Bush. "The bottom line is that all coalition forces are continuing aggressive reconnaissance and counter-reconnaissance operations," Brig-Gen Neal said.

US pilots have suggested that the air campaign is drawing nearer to a point of diminishing returns because Iraqi tanks and other targets are becoming harder and harder to find among the debris of burnt-out vehicles.

At the same time the alliance is concerned that there is only about another month of what one US officer called "comfortable weather" before the heat begins to mount in the desert.

Brig-Gen Neal said there had been 1,000 air sorties in the Kuwait area yesterday – apparently a record for the southern part of the war zone – plus a further hundred against the elite Republican Guards along the Kuwaiti-Iraqi border.

He said US forces had captured more than 100 Iraqis – including some who surrendered when an F-18 observation aircraft swooped towards them – in three separate engagements along the Saudi border. One American was killed and five were wounded, while the Iraqis lost 18 tanks and 15 other vehicles.

Col Ahmed al-Rubayan, the Saudi spokesman, said a Saudi patrol had cleared a path 60 metres wide through a minefield 10 kilometres north of the border, defusing and removing 75 land mines. A separate reconnaissance patrol had taken a useful video of complex Iraqi defences.

British artillery opened up on Iraqi positions for the third consecutive day in support of US forces.

Iraq fired two Scud missiles, one towards northern Saudi Arabia and one at Bahrain, but the first landed harmlessly in the desert and the second was intercepted by a Patriot missile.

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THE GULF WAR

Oil prices slip as traders wait for peace news

By Deborah Hargreaves

WORLD OIL prices fell yesterday as the chances of peace in the Gulf appeared more likely, but traders were confused about the direction of the market and eagerly awaiting more news on the peace process.

"The trading community has been pulled in so many directions over the last few days and now it's holding out for facts," said Mr Peter Gignoux, director of international energy at Lehman Brothers in London.

The price for North Sea Brent crude for April delivery lost nearly a dollar to $16.70 a barrel, but the market was quiet and had recovered some of its overnight losses in the course of the day.

The New York market was more frenzied at the start of the trading day and dropped almost $1 a barrel in response to Mr Tariq Aziz's acceptance of Moscow's peace plan. However it recovered some of its losses when President George Bush issued the deadline for Iraqi withdrawal, and was 35 cents lower at midsession at $18.15 a barrel.

President Saddam Hussein's "scorched earth" policy in Kuwait will have little effect on the world market for crude oil, since stocks are high and lost production has been made up for.

But the destruction of Kuwait's refining system will leave the world market for refined products such as kerosene and diesel vulnerable to supply disruptions. Kuwait's refineries produced about 600,000 barrels a day for the export market before last year's invasion.

Fires in Kuwait's oil wells could be put out within weeks, according to the Kuwait Petroleum Corporation, which is operating out of London, but damage to refineries is more complicated to repair.

Gulf sources say the Shuaiba refinery on the coast, which had a capacity of 187,000 b/d, was set on fire earlier this week. However, Kuwait's largest refinery, Al Ahmadi, which had a capacity of 370,000 b/d, was until recently in operation to supply the Iraqi military.

Since August, the world has learned to live without Kuwaiti products, but this has caused rationing of kerosene, used for cooking, in India, and shortages of jet fuel in Pakistan.

Japan which also imported products from Kuwait, has been running its own refineries flat out to cope with demand.

Mr Geoff Pyne, oil analyst at UBS Phillips and Drew, said: "If the Kuwaiti refineries are not rebuilt by next winter, you will see a steep rise in heating oil prices as the market reaches peak demand."

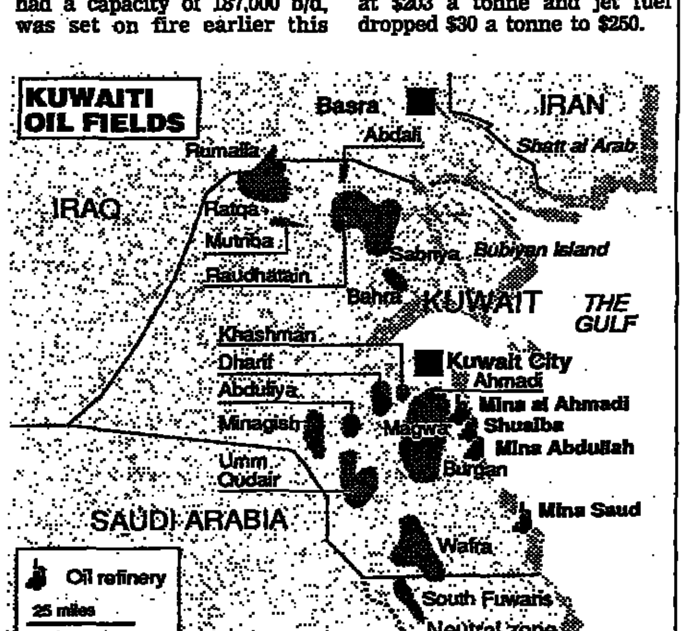
Kuwait's sophisticated refineries were important mostly for supplying naphtha, a chemical feedstock, to Japan, and kerosene and diesel to India and Pakistan.

Jet fuel is a product closely associated with kerosene and diesel, and Saudi Arabian refineries have been producing at full capacity to supply the allied military. This has meant no Saudi exports of these products have reached the export market.

Sir Peter Holmes, chairman of Shell, said last week that the world could be facing "a marginal shortage of refining capacity east of Suez" when the war ended. This was unlikely to result in a physical shortage of oil products, but might cause prices for some products to rise.

The Gulf war has already thrown out the traditional relationships between prices for oil products and crude oil. Refining margins in Europe are current two to three times greater than their normal levels of $2 to $3 a barrel.

The prices of refined products on the Rotterdam spot market yesterday showed differing reactions to the news from Kuwait. Naphtha, which is in firm demand, held steady at $203 a tonne and jet fuel dropped $30 a tonne to $250.



Jordan disavows Palestine linkage

By Mark Nicholson in Amman

KING Hussein of Jordan said yesterday for the first time since the Gulf crisis began that Iraq's withdrawal from Kuwait should be achieved without being explicitly linked to any attempt to resolve the Palestinian problem.

The king's disavowal of linkage, which he has previously advocated in unflagging attempts to broker an Arab settlement to the crisis, came during a brief press conference yesterday at which he fulsomely welcomed the Soviet peace initiative.

The weary-looking king, speaking before President Bush's ultimatum, said the Soviet proposals, which make no mention of the Palestinian problem, "fully fulfilled all the objectives" of all countries involved in the conflict, expressing his "hope and optimism" that the initiative would win peace.

"The objectives of Security Council resolution 660 are on their way to being achieved fully," he said.

However, although the king expressed thanks for the part played by the Soviet Union and Iran in setting up the peace initiative, he was careful to level no criticism at the US or any other coalition partner, a sign that despite recent frosty relations with Washington, the king is concerned to keep all diplomatic doors open.

In his sole reference to linkage, he said: "The Palestinian problem is a problem that should be addressed on its own merits, that should have been addressed on its own merits, and should be addressed in the times ahead."

In a throwaway remark before abruptly ending the press conference he added: "Let's leave this out of it."

The king's explicit abandonment of linkage follows an implicit distancing from the position of Mr Saddam Hussein, the Iraqi leader, in recent weeks — most clearly signalled by the telex of congratulation the king sent to Baghdad after Iraq's initial offer to acknowledge UN resolution 660 late last week. In it, the king welcomed the Iraqi offer to withdraw, but made no mention of either the Palestinians or of any of Mr Saddam's other apparent conditions.

Some diplomats in Amman suggest that the king has grown increasingly frustrated with Mr Saddam's intransigence over recent weeks.

Yesterday's remarks will be received as an overdue acknowledgment of political reality in western capitals, but may be more reflectively received in Jordan, where up to 60 per cent of the population is Palestinian and where the king's strongly expressed support for Iraq has won him unprecedented popularity.

However, King Hussein's comments also reflect a deeply felt desire here to end the war, and a growing popular acknowledgement that Iraq faces certain defeat.

Such sentiments were widely expressed yesterday at a rally for the Democratic Front for the Liberation of Palestine, the third largest of the PLO's factions, which drew more than 6,000 Jordanians. The crowd's mood was distinctly more sombre than celebratory.

However, Palestinian leaders at the rally were unanimous in welcoming the Soviet peace proposals.

INTERNATIONAL NEWS

Soviet premier regrets rouble scandal accusations were seen as an attack on foreign business

Moscow tries to mend links with west

By John Lloyd in Moscow

THE SOVIET prime minister, Mr Valentin Pavlov, yesterday sought to rebuild bridges with western businessmen after last week accusing western banks and foreign companies of involvement in a large-scale rouble scandal aimed at destroying the Soviet economy and overthrowing the government.

Speaking to Soviet and foreign journalists, Mr Pavlov said he "regretted very much" that his accusations had been interpreted as an attack on foreign business. The government, he said, "stands for co-operation with the west and will encourage foreigners to own up to 100 per cent of businesses."

However he repeated charges that Moscow had been subject to large-scale currency swindles, adding: "We have recently seen the emergence in this country of a kind of Colombian mafia which we must control."

The Soviet premier, reading from papers before him, gave details of two new alleged deals for the purchase of roubles by foreign enterprises – one for the purchase of Rs100bn, the other, with the alleged involvement of the Far Eastern branch of a big British bank (which he did not name), for the purchase of Rs25bn.

The latest allegations follow accusations that the British-based Dove International Trading was involved in an illegal Rs140bn currency swap which led to the resignation of the deputy prime minister of the Russian Federation and a political scandal.

The alleged deals have been greeted with extreme scepticism by western business people, who see little reason for buying roubles, especially in such vast quantities, and suspect the allegations are part of the fierce political infighting between supporters of Soviet President Mikhail Gorbachev and his arch rival Mr Boris Yeltsin, the Russian president.

Meanwhile, Mr Pavlov insisted that the new government's economic programme was aimed at ensuring transition to a market system.

He promised to cut the number of industrial ministries, to replace Gosplan, the state planning organ, with a new ministry of science and technology, and to introduce privatisation legislation in the Supreme Soviet.

The gloss which Mr Pavlov put on his programme, in a relaxed and sometimes humorous appearance, was in marked contrast to the dramatic, crisis-ridden language he used in an interview in the trade union newspaper Trud last week. Then he spoke of a "plan to artificially create hyper-inflation" with the aim of "overthrowing undesirable political figures", including Mr Gorbachev.

He presented himself as a responsible pro-market reformer, who expected to abolish a number of the ministries which directly controlled production branches, leaving only those covering the defence industry (a vast part of industrial output) and cars and agricultural equipment.

Enterprises, he said, should develop horizontal links between each other, while ministries and state industrial committees would have their powers confined to co-ordination and information. He claimed that state allocation of resources to industries would end this year.

In future, he said, the state should seek only to ensure minimal wage levels, leaving the determination of wages to the management and the trade unions. Enterprises would have the right to withdraw from the ministry or association which controlled them and become independent.

Italian tax on market profits approved

By Haig Simonian in Milan

ITALY'S first capital gains tax on stock market dealings was approved by parliament yesterday, bringing to an end a long saga of amendments since the measure was first imposed by government decree last September.

In the latest proposals, approved by the Chamber of Deputies' finance committee earlier this week, gains on stock market dealings will be taxed at either 25 or 15 per cent.

The rate of tax will depend on whether investors opt to pay the higher level as part of their annual income tax return, or the lower rate, which is payable in advance when dealing in equities.

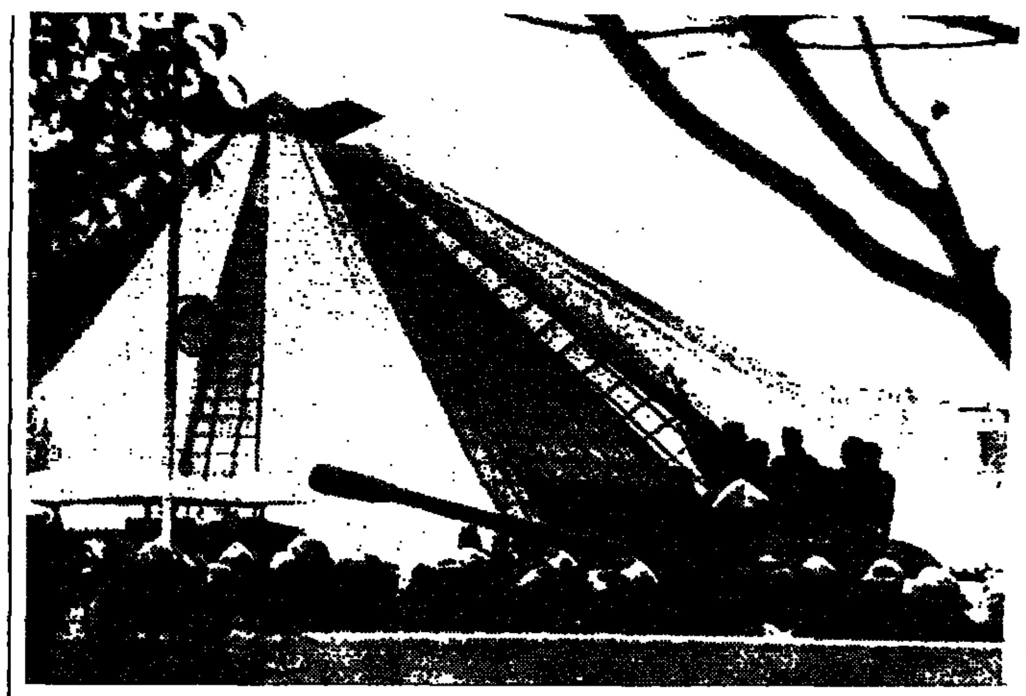
Responding to clamorous criticisms from stockbrokers and floor traders, who threatened an indefinite strike against the proposals, the amended version before parliament includes measures to roll over losses for up to five years, for those opting to pay the tax annually.

Meanwhile, the tax rate on the advance payment method has been reduced from the 20 per cent level originally imposed by Mr Rino Formica, the finance minister.

Measures have also been put forward to allow a tax break for workers buying shares in their own companies.

The latest proposals have been welcomed by the financial community, which has watched in despair as business on Italian stock exchanges plunged since Mr Formica's first decree last September.

Although dealers are not enthusiastic, they see the latest tax as broadly "acceptable" and are relieved that the confusion surrounding the measure is now over.



CALM RETURNED to Albania yesterday following days of anti-Communist demonstrations during which students pulled down the giant statue of the late dictator Enver Hoxha and burnt his portraits and books. But the authorities were taking no chances. Armed troops surrounded the Hoxha Museum (above) in Tirana and other public buildings.

Important victory for Yeltsin's supporters

By John Lloyd

SUPPORTERS of Mr Boris Yeltsin, embattled president of the Russian Federation, yesterday won a significant victory over the Russian Communist party, which is trying to oust him and roll back the drive for Russia's greater independence.

Large crowds gathered under the walls of the Kremlin last night in support of the Russian leader after parliamentary deputies managed to delay until March 28 a special session of the Russian congress. That meeting has been called to arraign Mr Yeltsin for his demand that Soviet President Mikhail Gorbachev resign.

Today, Red Army Day, large crowds of conservatives are expected to hold counter-demonstrations.

The anti-Yeltsin forces, led by most of the presidium of the Russian parliament and orchestrated by the Communist party from which Mr Yeltsin resigned last year, had pushed for a special session on March 4 or 5. The aim was to force his resignation and discredit him before the March 17 referendum on preservation of the Soviet Union as a unitary state.

The referendum also contains a separate question on direct elections to the presidency of the Russian federation. If, as expected, the Russian people vote for the right to elect their president, Mr Yeltsin will be able capitalise on the result and go to the country to receive a popular mandate. Such an outcome would greatly strengthen his hand in his struggle with Mr Gorbachev.

The outcome of the Russian parliament's vote, giving him a 60 per cent majority, points to a strong base of parliamentary support, although fewer than 200 of the 1,068 deputies were in the chamber.

According to Yeltsin supporters, the Russian parliament has been flooded with pro-Yeltsin messages. More than 5,000 telegrams were received over the past two days, of which only 4 per cent were said to be hostile to the Russian leader.

Mr Yeltsin, on a trip to the Russian city of Yaroslavl, meanwhile backpedalled from his resignation demand when he told workers that he had called for the functions of the Soviet president to be taken up by a republican cabinet only if Mr Gorbachev resigned. He said: "Yeltsin is not fighting Gorbachev, he is fighting the old system which will not accept defeat".

● A draft union treaty will be finalised by the beginning of March, before the union referendum, Mr Rafik Nishanov, chairman of the Supreme Soviet's Council of Nationalities said yesterday.

● The European Parliament yesterday released food aid to Soviet Union worth Ecu750m (£529.5m). The assembly had suspended the aid package last month because of alarm about the bloody Soviet crackdown in the Baltic republics. It also approved £260m in aid for Czechoslovakia and £69m for Romania and Bulgaria.

European ministers propel WEU into the front line

By Ian Davidson in Paris

DESPITE Dutch reservations, European foreign and defence ministers yesterday agreed to make the nine-nation Western European Union the central vehicle for a future European defence policy, with close links to the EC and Nato.

An interim report approved by the ministers said the WEU should be an integral part of the process of European integration, and should help to reinvigorate the Atlantic alliance by strengthening the European component.

The Dutch reservations were aimed particularly at the report's suggestion that EC summits should be empowered to issue guidelines for the work of the WEU. The Dutch are anxious to avert a situation where the upgrading of the WEU, under the auspices of the Community, might undermine the Atlantic alliance.

Dutch anxiety to buttress Nato has been echoed by a letter from the US administration, addressed to all WEU states, underlining its concern.

But some other European governments, including France, want the WEU to come under the aegis of the EC heads of government, or even under their direct authority.

The report will become a key contribution to the EC's negotiations on political union in its inter-governmental conference.

However, the report's terms go well beyond the generalities of previous proposals on European defence co-operation. It stresses the urgency of reappraising Nato's organisation and structures, and the need for European forces to play "a significantly more important part" in the collective defence, because of reductions in US forces in Europe. This will require an "identifiable European component", which will only be achieved if linked to the broader process of European union.

Indeed, the report virtually advocates the formation of a European caucus inside Nato, a notion which is likely to upset the US. Strengthening the European component in Nato, says the report, "should include the definition and introduction of WEU position into alliance debates".

Two Menem appointees step down

By John Barham in Buenos Aires

A NEW scandal has shaken the government of President Carlos Menem, forcing two senior Argentine officials to quit.

The resignation of Mr César Arias as justice subsecretary and Mr Raúl Granillo Campo, a top presidential aide whom Mr Menem designated last month as his next justice minister, is the product of bitter feuding within the government.

The removal of the two men, bitter enemies, further undermines Mr Menem's efforts to bring some stability to his government, rocked by a deteriorating economy, internal divisions and accusations of corruption. In January, Mr Menem twice reshuffled his cabinet.

The two officials resigned after Mr Menem had inadvertently signed a decree they drafted pardoning 20 criminals. The Senate's unwillingness to confirm Mr Ocampo as justice minister, gave Mr Menem no option but to sack the two.

Ozal sacks another minister

By John Murray Brown in Ankara

TURKEY'S PRESIDENT, Mr Turgut Ozal, yesterday sacked his defence minister and nephew, Mr Husnu Dogan, bringing to a head an embarrassing squabble between the Ozal family and the ruling Motherland party.

The sacking of Mr Dogan, the fourth minister dismissed in the past six months, will be seen as further evidence the Turkish leader is now siding with the moderates against his conservative former allies. Mr Dogan was a leading figure on the government's Islamic wing and was once vetoed by the military for his extreme views.

But at the heart of the current crisis is Mr Dogan's opposition to the political ambition of Mrs Semra Ozal, the president's wife, who last week announced her bid to become ANAP party chief in Istanbul, an Islamic stronghold.

Solidarity to pick new leader

By Christopher Bobinski in Warsaw

POLAND'S Solidarity union meets in Gdansk today to elect a a leader to succeed Mr Lech Walesa, now the country's president. It does so at a time when its 2.3m members face difficult questions about their role in the rebuilding of capitalism in Poland.

The government, with its origins firmly in the Solidarity camp, is resisting mounting pressure to ease wage restrictions. It is also seeking to assure the International Monetary Fund, in talks crucial to hopes of large debt reduction, that inflation will be brought under control.

The Solidarity union, meanwhile, no longer the strong political movement it was a decade ago, is torn between its loyalty to the government and Mr Walesa, and the prospect of losing credibility if it fails to put itself at the head of shop-floor demands for higher pay.

Not only will the Gdansk congress show how militant a union Solidarity should be. It will also indicate to what extent the movement wants to reassert its claim to a special place in Polish politics, akin to the leading role once held by the Communist party.

Mr Bogdan Borusewicz, from Gdansk and originally favoured by Mr Walesa to succeed him, and Mr Lech Kaczynski, the union's present secretary-general, are front-runners for the leadership. Mr Walesa, who will be present at the congress, has yet to clarify his current preference.

Australia sees big cut in budget surplus

By Kevin Brown in Sydney

AUSTRALIA yesterday cut its budget surplus forecast from A$8.1bn (£3.2bn) to A$1.7bn reflecting the impact of recession on the government's previously buoyant finances.

The revision means the public sector borrowing requirement is likely to be around A$7bn for the financial year to the end of June, compared to the budget forecast of zero. The government is also being forced back to the bond market for the first time since July 1989. Economists said it would probably raise up to A$3.5bn this year, and A$5bn next.

Mr Paul Keating, the Treasurer, announcing the new figures, said federal government debt would remain steady over the two-year period. He had previously forecast a repayment.

His announcement confirmed speculation that the budget arithmetic had been undermined by the recession. However, the shortfall is much larger than earlier indications.

He laid most of the blame on a A$2.8bn reduction in tax revenues, subsidies of A$550m to wool and wheat farmers, a A$430m tax cut deal with the unions, and a A$750m shortfall in privatisation receipts.

The drastic cut in the surplus is politically embarrassing for the Labor government, which has made much of its fiscal conservatism compared to the previous Liberal administration. It could also have an impact on the government's anti-inflation strategy by making further tax cuts for wage restraint deal with the unions difficult to finance.

However, most economists agree that inflation will fall from nearly 7 per cent to 5 per cent or lower by the end of the year. The recession has also helped cut the current account deficit, which is running at around 65 per cent of last year's level.

The Treasury said it would hold its first bond tender on April 16, a second in May, and further ones throughout the next financial year. It did not say how much it would raise, but if Mr Keating's undertaking not to increase government debt is to be met, the total will be limited to the value of maturing bonds – around A$3.5bn this year and A$5.5bn next year.

Hungarian airline buys western jets

By Paul Betts, Aerospace Correspondent

MALEV, Hungary's national airline, is buying two Boeing 767-200 extended range aircraft for a total of $130m as part of international expansion and fleet modernisation.

Although it already leases some Boeing 737 narrow bodied aircraft, it is the first time the Hungarian carrier has bought western aircraft. Its current fleet consists mainly of Soviet-built Tupolev Tu-134 and Tu-154 aircraft.

Like other eastern European airlines, Malev has been anxious to modernise its fleet with western aircraft to compete for growing international air travel business to and from East European countries. It plans to use its new Boeing 767s on long distance international routes including on services to the US.

Boeing has already supplied 767 airliners to LOT, the Polish carrier, and the European Airbus consortium has won orders for its A310 wide body aircraft from Aeroflot, the Soviet carrier, Interflug, the former East German airline, and CSA, the Czechoslovak flag carrier.

The east European deals are also significant for western aircraft manufacturers coming they come at a time when many western airlines are considering deferring or cancelling orders because of the slump in the industry.

Western manufacturers believe there is considerable pent-up air travel demand in eastern Europe.

Hong Kong to aid upwardly mobile

By John Elliott in Hong Kong

HONG KONG'S thousands of bustling commuters are to have a new way of getting from their downtown offices, where they spend the day frenetically striking deals and making money, to the colony's most crowded middle class multi-storey ghetto, called Mid-Levels.

An 800-metre-long series of hillside escalators is to be built at a cost of some HK$200m over the next two years to carry up to 27,000 people a day. It will snake upward from Connaught Road in the smart central office district near the harbour, past crowded offices, bazaar stalls, antique shops and a mosque, to the residential concrete jungle of Conduit Road in Mid-Levels.

This is near the level above which ethnic Chinese were banned from living in the early decades of Britain's colonial rule, leaving the clean but often misty air of Hong Kong's famous Peak district to top expatriates.

Now the Chinese live all over and, along with gwellos (foreign devils), are increasingly filling new blocks of flats of 50 storeys or more in the Mid-Levels area.

This has put such a strain on old narrow and hilly roads that Hong Kong's government, after much delay, has decided to go ahead with the escalator despite the economically depressing prospect of the colony's return to Chinese sovereignty in 1997, and despite Peking's relentless determination to interfere in the much bigger infrastructure project of a new airport.

Designed by Maunsell Consultants, a local branch of a British partnership, it will include 23 covered travelators and escalators, and access footbridges. Yesterday a HK$186m construction contract was signed with a consortium of a local branch of the French Sogea company and Paul Y Construction of Hong Kong.

Meanwhile, talks in Peking between Hong Kong and Chinese officials on the proposed new airport have made only slow progress in the past two days and China is unlikely to give its blessing to the project in the near future.

Next week Hong Kong will announce that Mr Richard Allen, former chairman and chief executive of Kier, part of the British Beazer group, has been appointed chief executive of the Provisional Airport Authority which is in charge of the project.

Peking disgraces former senior official in colony

CHINA HAS publicly disgraced Xu Jiatun, the 75-year-old former top official in Hong Kong who fled to the US last April, by removing him from his parliamentary positions on the National Peoples' Congress, writes John Elliott.

Xu is believed to have fled because he feared he would be disciplined for failing to condemn massive pro-democracy demonstrations in Hong Kong in 1989, when he was director of the Xinhua News Agency, Peking's de facto consulate in the colony.

He was high in Peking's Communist hierarchy and his failure to return to China makes him one of the country's most senior and embarrassing defectors. Control of officials in Hong Kong and other foreign posts has been tightened since his departure.

Xinhua's Guangzhou branch in south China said yesterday that the standing committee of Guangdong province's peoples' congress, where Xu was a delegate, had decided earlier this week to strip him of his duties as a representative.

It said he had "betrayed the people" by leaving for the US and not returning.

City gives mixed reaction to pricing of power sell-off

By Clare Pearson and Juliet Sychrava

THE government confirmed yesterday that National Power and PowerGen, the two electricity generators, will be floated with a fully-paid share price of 175p and an annual dividend yield of 6.3 per cent.

In setting the terms the government has tried to avoid the accusations of underpricing that followed the sale of the 12 regional electricity companies last November.

City analysts' verdicts yesterday ranged from "competitive" to "tight" to "disappointing". They said it left little scope for a large early premium when dealings start on March 12.

However, I.G. Index, the financial bookmakers, quoted first-day prices of 119p for National Power and 122p for PowerGen compared with the initial payment of 100p. Mr Frank Dobson, shadow energy secretary, said that it was a "bargain basement price in a government clearance sale."

Private investors should have more chance of getting larger allocations than in the sale of the regional companies. The minimum application level has been set at 300 shares, compared with 100. Even if there is heavy public demand, the minimum allocation is unlikely to be much under 250 shares. The government has not ruled out a ballot.

The sale of 60 per cent of the shares in each company will raise £2.16bn – £350m higher than expected earlier this year. Adding on the company's debt, government proceeds from the privatisation will amount to £2.9bn.

Investors have to buy shares in both companies, which will be offered for sale in a package containing 62 National Power shares and 38 PowerGen shares.

The price was set after institutions told the government how many shares they were prepared to buy at different yield levels. Those who bid at above 6.3 per cent were eliminated, but that left three out of four UK institutions which took part with allocations.

UK private investors will initially be allocated 28 per cent of the flotation, but if their demand is 1.5 times higher than that, then another 21 per cent of shares initially set aside for institutions will be made available. This will give them a maximum allocation of 49 per cent, compared with 54.6 per cent in the privatisation of the regional companies.

If public demand is strong, the government plans to hold an international tender just before the start of dealings. This will happen only if institutions' shares are clawed back for the public.

Under this tender, shares representing 16 per cent of the total offer can be reshuffled between underwriters through a second bidding process. Institutions will have to bid at above the fixed price and those successful will have to buy stock at the price they bid.

Japanese allocated 8% of generators

JAPANESE investors, who have been enthusiastic buyers of shares in the regional electricity companies, have been rewarded with a sizeable allocation of the £2.16bn sale of shares in the generators, writes Clare Pearson

Japan has been given 40 per cent of the £430m shares initially laid aside for overseas investors – 8 per cent of the total sale. In the sale of the regional companies last November, Japan had only 4 per cent of the total.

Nomura, the securities house acting as lead-manager for the issue in Japan, reported very strong interest.

Japanese investment in the regional companies has increased by a net 50 per cent since flotation, even though the shares have traded at big premiums to their issue price.

Continental European investors have been allocated 5 per cent of the generators' shares and Canada 3 per cent.

These allocations could change if demand from UK private investors is strong – in which case there will be some clawback of overseas shares – and if a tender for international and overseas underwriters is held just before stock market dealings start.

NEWS IN BRIEF

'Difficult' for Parrot to raise £3m

RAISING £3m in equity finance to get Parrot Corporation in operation had proved much more difficult than any of the company's original backers had envisaged, Mr Frank Peters told Cardiff Crown Court yesterday, writes Anthony Moreton.

Mr Peters, former managing director and largest shareholder in Parrot, which collapsed in 1988 with debts of £11m, is defending himself against two charges of producing a false document to secure a guarantee for a loan. He said the company had sought to open a plant to manufacture floppy discs outside Newport, Gwent, with help from the Welsh Development Agency.

Even a loan from the European Coal and Steel Community, for which the company qualified, had become difficult because British banks, which act as lending agents for the ECSC, had considered the risk too great in the absence of collateral assets. He had then approached Northern Trust Company, a British subsidiary of a US bank.

Mr Peters denies forging company minutes to obtain the ECSC loan guarantee at preferential rates from Northern Trust. The case continues.

EC draft 'too rigid'

MR JOHN REDWOOD, minister for corporate affairs, said the European Commission's draft 13th Company Law Directive, the so-called Takeover Directive, was too rigid and risked harming the UK's self-regulatory system.

Tessas reach 1.5m

SAVERS opened 1.5m tax exempt special savings accounts (Tessas) when they were introduced last month, according to a survey by FRS and SRA, members of the MAI Information Group.

Banks won nearly 50 per cent of Tessa business.

Foreign stake grows

FOREIGN investors own a greater share of British companies than had previously been thought, according to the latest share register survey from the Central Statistical Office

Non-UK investors owned 12.4 per cent of publicly quoted UK companies, as against the previous estimate of 10 per cent.

Unit trust sales slow

UNIT trust sales got off to a slow but positive start in 1991, with net new investment in January of £129.7m – almost the same level as last year.

SIB's levy proposals

THE Securities and Investments Board issued a consultative document on how financial advisers are to pay levies to finance the Investors Compensation Scheme in 1991-92.

Following a dispute with Fimbra, the self-regulating organisation for independent financial advisers, SIB has gone to the High Court for a ruling on the legal status of certain losses. It proposes that the levy is in two tranches, the second being determined after the High Court ruling.

THE BLUE ARROW TRIAL

Directors knew of add-ons, jury told

BLUE ARROW directors were fully aware that advisers were buying extra shares in the company after the official closure time for its unsuccessful £837m rights issue in September 1987, the Blue Arrow trial was told yesterday.

Under cross-examination, Mr David Roper, former vice-president of Dillon Read, the US advisers to Blue Arrow, agreed that no attempt had been made to "keep in the dark" those Blue Arrow directors present at the meeting on September 28, 1987, when the extra shares were bought.

Court report by **John Mason**

Mr Jeremy Roberts, QC for Mr Jonathan Cohen, the former County chief executive, suggested the directors were aware of what was happening. Mr Roper replied: "That is correct."

Mr Roper, a prosecution witness, admitted that "alarm bells rang" when it was suggested that County NatWest, Phillips & Drew and Dillon Read should buy shares after the 3pm deadline.

However, he accepted on trust an assurance from Mr Nicholas Wells, a former County director and one of the defendants, that this proposal had been checked by lawyers.

Later, challenged by Mr Vivian Robinson QC, for Mr Wells, he agreed this assurance could have referred to legal advice taken before the meeting rather than after it became known that only 38 per cent of the issue had been taken up.

County NatWest, NatWest Investment Bank, UBS Phillips & Drew Securities and seven city professionals including Mr Wells and Mr Cohen, deny conspiring to mislead the markets over the outcome of the record-breaking rights issue to finance Blue Arrow's takeover of Manpower, the US employment agency.

Mr Roper said there was nothing unusual in a merchant bank "doing its bit" to support rights issues it was managing and that it was not customary to inform the markets of this.

He agreed with Mr Roberts that County had behaved responsibly in buying the shares and selling them gradually so as not to depress the share price.

However, questioned by Mr Nicholas Purnell QC, for the prosecution, Mr Roper said he had no previous experience of shares being bought after the closure deadline.

The trial continues on Monday.

Job losses in newspapers

By Alice Rawsthorn

NEARLY 100 job losses were announced yesterday in the newspaper industry through cost cutting at the Press Association, the London-based news agency, and the Southern Evening Echo in Hampshire.

PA, which supplies news to national and local newspapers, is reducing its workforce by 75 – one in seven employees – during this year.

These job losses, a combination of natural wastage and redundancy, are part of rationalisation intended to save £1m a year. PA plans to contract out 'peripheral' services such as cleaning and security and to cut 12 journalist jobs.

Mr Robert Simpson, chief executive, said the downturn in advertising had forced many newspapers subscribing to PA to cut editorial costs. PA had lost £500,000 in recent months due to cancellations.

The Southern Evening Echo, based in Southampton, announced the loss of 18 jobs.

Ravenscraig to lose a further 1,100 jobs

By James Buxton, Scottish Correspondent

BRITISH STEEL yesterday blamed increasingly difficult trading conditions for its decision to cut the workforce at its Ravenscraig plant near Motherwell, Lanarkshire, by a further 1,100.

It is to continue to keep one of the two operating blast furnaces at the plant out of action and is to supply the adjacent Dalzell plate mill from its Teesside steelworks instead of from Ravenscraig.

Last month British Steel said it was temporarily closing one of the blast furnaces because of an anticipated 13 per cent fall in demand for strip products, intending to review the decision at the end of March. Yesterday it said the review had been brought forward because of a continuing fall in demand and weak prices for strip products in both UK and international markets.

This brings the number of jobs being shed this year by British Steel in Scotland to just over 3,000. The strip mill at Ravenscraig closed last week, with the loss of 770 jobs. The Clydesdale tube works at Bellshill is to close next month with the loss of 1,200 jobs.

By the end of July, when the 1,100 people affected by yesterday's announcement have left Ravenscraig, British Steel will have only 2,300 people at its Scottish plants. Last week British Steel announced 800 redundancies at its Scunthorpe works on Humberside.

The news of the latest job losses was greeted in Scotland with anger tinged with resignation. Mr George Quinn, a union convener at Ravenscraig, said: "It's the end of Ravenscraig."

Like others, he is concerned that the viability of the plant will be undermined by the permanent shutting down of one blast furnace and by the breaking of the link between Ravenscraig and Dalzell.

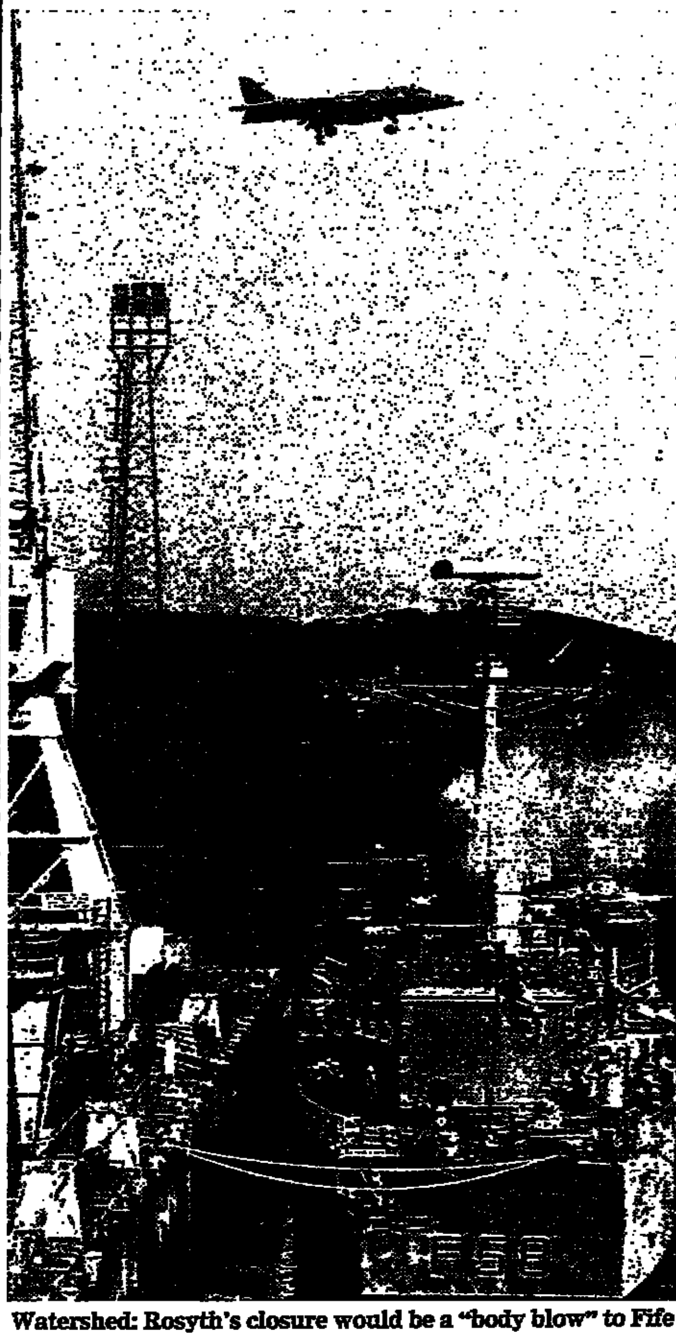
The Scottish Development Agency, which is still studying options for the future of the Scottish steel industry, said the decision was "bitterly disappointing," although it did not specifically affect the slim options that it was studying to persuade British Steel to keep Ravenscraig open in the future.

Mr Ian Lang, Scottish secretary, said the decision, though widely predicted, was most unwelcome news for Lanarkshire, where the government would be stepping up its studies of the consequences of British Steel's withdrawal. But he said he had been assured by Mr Martin Llowarch, British Steel's chief executive, that British Steel's commitment to keep Ravenscraig open until 1994, "subject to market conditions", still stood.

British Steel said the decision to close the blast furnace was part of its policy of preferentially loading its lowest cost plants. It was more efficient to supply the Dalzell plate mill from Teesside than from Ravenscraig whose output of steel slabs would continue to go plants in Wales.

Rosyth community prepares for survival

James Buxton reports on local opposition to the leaked closure of the naval base



Watershed: Rosyth's closure would be a "body blow" to Fife

FOR the people who live around the grey naval base at Rosyth only a few miles across the water from Edinburgh on the north side of the Firth of Forth, the past few weeks have been a time of disbelief which has gradually turned into deep gloom.

The disbelief came just before Christmas when a newspaper report said the base – busy despatching destroyers, minehunters and fleet auxiliaries to the Gulf – had been earmarked for early closure. Official denials were notable for their refusal to rule out such an eventuality.

In the past few days despondency has set in as Ministry of Defence documents leaked to Mr Gordon Brown, MP for Dunfermline East and Labour's shadow trade and industry secretary, revealed a timetable for the announcement of the closure: on March 28 ministers would consider a decision that had already been taken by the Navy Board and the run-down, it appeared, would be swift.

Those campaigning for the base's survival hope the furore provoked by the disclosures will force the government to reconsider. The Defence Ministry and the Scottish Office are both embarrassed: the campaigners, however, are very worried.

The closure of the Rosyth base would be part of the £600m cuts foreshadowed by Mr Tom King, defence secretary, last August.

Few in Scotland had imagined that the £170m worth of cuts that the Navy was expected to make would include Rosyth, a feature of the landscape since it was built in 1905 as part of Britain's defence against Germany.

The military rationale for closing the base is that the receding threat from the Soviet Union means naval forces no longer need to be concentrated so heavily in Scotland.

The disadvantage of Rosyth's location was also recently exposed when its minehunters setting out for the Gulf had to sail for nearly a week before leaving British waters.

Only two weeks ago, the US announced that it would be closing its base for Poseidon submarines at Holy Loch on the Firth of Clyde, probably by the end of next year.

That base has been made redundant by the imminent replacement of Poseidon submarines with larger Trident boats.

The spending power and indirect employment generated by 2,300 naval and civilian personnel at Holy Loch will be removed from the rural Cowal peninsula.

In Rosyth, 2,300 civilians employed by the naval base could lose their jobs, while about 1,000 naval personnel would leave what is currently a busy industrial area.

There are no proposals for closing the Rosyth naval dockyard which lies beside the base and employs 5,300 people. However, Babcock Thorn, the joint venture of Babcock and Thorn EMI which has run the dockyard under contract to the MoD for the past three-and-a-half years, has its own problems.

Although less than 5 per cent of the dockyard's £160m annual turnover comes from the base, last year the Navy substantially reduced the volume of the dockyard's core work by cutting the number of refits for the submarine fleet, which is itself being scaled down.

Yesterday Mr Allen Smith, Babcock Thorn's managing director, said the company was trying to fill the short-term gaps in its workload by seeking other work from the Navy and expanding its volume of civilian contract work, currently worth about £10m a year. However, he warned that he may soon have to shed 500 jobs.

Mr Smith stressed that the long-term future of the yard was secure. Preparations are under way for refitting Trident submarines at Rosyth, and the construction of a £250m dock is to start this year for completion in 1997.

The Trident programme looks like becoming the Navy's main presence in Scotland. One of the largest construction projects in Europe is at Coulport and Faslane on the Firth of Clyde building bases for Britain's Trident submarines.

That is little comfort for the Dunfermline area of Fife which fears a rise in unemployment (already, at 9.4 per cent, above the Scottish average of 8 per cent); the collapse of its housing market, the top end of which is sustained by demand from naval families; and the loss of consumer spending generated by the Navy.

"We're very concerned – it would be a body blow," says Mr Ray Baker, regional manager of GPT, the UK telecommunications equipment manufacturing group, at Kirkcaldy and chairman of Fife Enterprise, the new local enterprise company which is taking over from the Scottish Development Agency. Fife Enterprise recently completed a detailed plan for strengthening the local economy. "Closure of the base would almost nullify everything we've done," says Mr Baker.

However, there are ideas for creating a commercial port in the former naval base, and possibly an enterprise zone. For the moment though, efforts are being concentrated on averting closure in the first place.

● An article on the Rosyth naval base on Thursday should have referred to a letter from "Vice-Admiral Sir Michael Livesay, flag officer Scotland and Northern Ireland", not "Commander Michael Livesay".

Iraqi businessmen to leave

By Richard Donkin

TWO IRAQI businessmen whose London company was suspected of trying to export missile technology to Iraq were allowed to leave the UK yesterday after completing a deal to sell their engineering subsidiary.

Mr Adnan Al-Amiri and Mr Hana Jon, two directors of Technology and Development Group, a company ultimately owned in Baghdad, were among the British-based Iraqis rounded up and held in Pentonville prison.

Both were later freed to allow them to complete negotiations for the sale of Matrix Churchill, the Coventry machine tool manufacturer, but the Home Office would not extend the deadline on their deportation order beyond yesterday.

Complex negotiations to sell the company to Automation Investments, the holding company of BSA Tools, the Birmingham lathe maker, ended on Thursday night.

Details of the deal were not released by TDG, but it is understood that Automation Investments will not need to make any payment for two years, when it will have to make the first of two staged payments totalling about £3m.

The deal also includes the possibility of an additional payment if the net asset value of the company rises above £6m. Clauses have been included to prevent some asset sales by AI and to prevent the sale of more than 35 per cent of AI shares.

BSA Tools, an long-established engineering company, was purchased from White Consolidated Industries of the US in a management buy-out about four years ago led by Mr Keith Bailey, a former president of the UK Machine Tool Technologies Association. Mr Bailey, BSA chairman, acted as caretaker chairman of Matrix Churchill while the deal was negotiated.

During the late 1980s, BSA Tools was among several UK companies that negotiated the sale of machine tools to Iraq for use in the manufacture of military equipment. It had a £7m contract to supply machine tools for a military production line in Iraq.

Three former Matrix Churchill directors were charged earlier this week with offences under the export of goods control orders. The charges, brought by UK Customs and Excise, were levelled against Mr Paul Henderson, ex-managing director, Mr Peter Allen, ex-sales and marketing director, and Mr Trevor Abraham.

The charges referred to the export of machine tools to Industria Cardoen of Chile, from where, it is alleged, they would go on to Iraq.

Two years ago, Technology and Development Group entered into a joint venture with a company owned by Dr Gerald Bull, the Canadian inventor of the Iraqi supergun who was assassinated last year.

Official indicators show no sign of early upturn

By Peter Marsh, Economics Staff

HOPES THAT the recession may be near to bottoming out were weakened yesterday by official economic indicators showing no sign of an early upturn.

The Central Statistical Office's longer leading indicator, which is designed to show changes in the economy a year before they happen, fell by a third of a percentage point in January, after two months during which it stayed constant.

This indicator, which is based on a number of factors such as share prices, interest rates and housing starts, declined to a low of 94.4 last May.

Since then, however, it has failed to show a sustained move upwards.

According to revised CSO data, the indicator reached 94.6 in October, and stayed at 95.1 in both November and December, before falling to 94.8 last month.

The trend indicates that the economy has yet to show clear signs of reaching a trough, an impression confirmed by other CSO indicators published yesterday which foreshadow changes in the economy a few months before they occur.

All the indicators support the theory that economic activity will continue to decline to reach a low around the middle of this year. At this point, helped by cuts in interest rates, a slow recovery could start.

Some early signs of an uplift could occur when the CSO publishes its longer leading indicator for February in about a month's time.

This figure is likely to be higher than the January number, showing the effects of the recent rally in share prices and the half percentage point cut in base rates on February 13.

By-election contenders focus on poll tax review

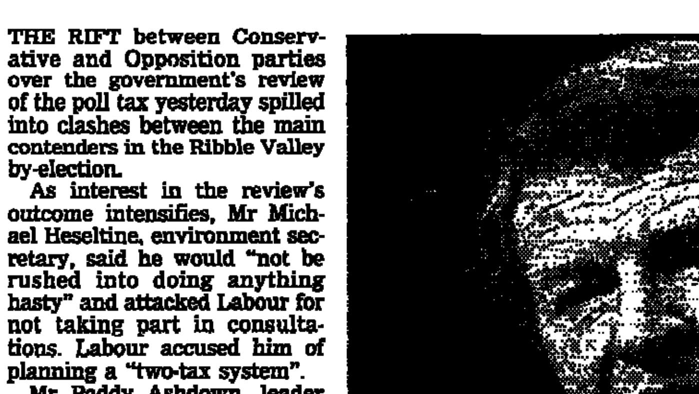
By Ralph Atkins

THE RIFT between Conservative and Opposition parties over the government's review of the poll tax yesterday spilled into clashes between the main contenders in the Ribble Valley by-election.

As interest in the review's outcome intensifies, Mr Michael Heseltine, environment secretary, said he would "not be rushed into doing anything hasty" and attacked Labour for not taking part in consultations. Labour accused him of planning a "two-tax system".

Mr Paddy Ashdown, leader of the Liberal Democrats, last night challenged Mr Heseltine to make clear whether Tories were campaigning in Ribble Valley in support of the poll tax or against it.

The by-election, the first under Mr John Major's premiership, is regarded at Westminster as likely to influence the timing of the general election – in spite of ministerial efforts to dampen speculation about the election's timing.



Paddy Ashdown: challenged Tories to clarify their stance

Mr John Wakeham, energy secretary, last night told Conservatives in north-west England that "speculation on the subject, especially when our troops are in actions abroad, is profoundly unhelpful".

The government's interest rate policy was also attacked again by Sir Alan Walters, former adviser to Mrs Margaret Thatcher. In an article in the London Evening Standard he warned that the government could let Labour win the next election.

However, Mr Chris Patten, Tory party chairman, last night said beating inflation was "at the heart" of the government's programme. "Matching and, if possible, bettering the inflation performance of our competitors will be a cornerstone of our next manifesto," he said.

The Conservative candidate in Ribble Valley, Mr Nigel Evans, is defending a majority of more than 19,000. The contest on March 7 was caused by the elevation to the House of Lords of Mr David Waddington, former home secretary.

Speaking in the constituency, Mr Heseltine said his invitation to Labour still stood, and insisted that his review would be fundamental. "We are determined to get the next steps right," he added.

Also in Ribble Valley, Mr Neil Kinnock, Labour leader, focused on rumours that the government was planning a system of local government finance involving a property tax topped up with a tax per person. "The party that gave you the poll tax to replace the rates is now about to give you the poll tax plus the rates," Mr Kinnock said.

● When nominations for the by-election closed yesterday there were nine candidates including an Independent Conservative and a candidate describing himself as the Raving Loony Green Giant Clitheroe Kid. 1987 general election figures: Conservative, 30,136; SDP/All, 10,608; Labour, 8,781. Conservative majority,19,528.

Labour pledges boost for regional spending

By Paul Cheeseright, Midlands Correspondent

LABOUR will increase spending on regional incentives for companies if it is returned to power, Mr Gordon Brown, the party's trade and industry spokesman, promised yesterday. But, he added, "we will only spend what we can afford to spend."

Speaking in Wolverhampton after meetings with local political leaders, trade unionists and businessmen, Mr Brown undertook to put central government resources behind local initiatives to improve the business performance of companies in the regions.

Mr Brown was outlining the main elements of what he called "a new generation regional policy to help bridge the gaps in performance with our competitors." These proposals run alongside the party's new policy on industry, which will be formally announced on Monday.

Labour's plans for the regions, he said, included support for a regional technology network which would include places where companies could go for a one-stop service to help them benefit from technological innovation.

Reflecting the desire to provide incentives for established companies, as well to those making fresh investment in a region, Mr Brown promised grants to support training and research and development. He also undertook to help small and medium-sized companies break into overseas markets.

He linked regional and training policy, observing that even with the economy in recession some companies still face skills shortages. Noting that 100,000 school leavers a year receive no training at all, he gave a guarantee that all 16 to 19 year olds would get "high quality training".

Barclays wins union backing for revised offer

By Michael Smith, Labour Correspondent

BARCLAYS BANK, the first of the big four clearing banks to enter pay talks this year, yesterday won union negotiators' backing for a revised offer which it says will add slightly more than 7 per cent to non-managerial staff costs during the full year of the agreement.

The proposed deal, accompanied by an agreement on job security, will influence pay talks at Lloyds, National Westminster and Midland banks and other financial services companies. They will also set the tone for talks in other white-collar sectors.

If approved in a ballot, salaries would be 9 per cent higher by the end of the 12 months, but the effect of the agreement on this year's pay bill has been mitigated as it will be implemented in stages.

Pay will be frozen at its present level in the first month of the agreement, then rise by 7.5 per cent from March 1, the second month, and by 1.5 per cent from August 1, the seventh month.

Barclays had justified its initial offer of 7 per cent by saying that pay settlements nationally had to come down to help reduce inflation and interest rates.

The full-year cost of the deal it has struck with negotiators of the Barclays Group Staff Union is considerably less than the last reported inflation rate of 9 per cent. However, the staging of the deal means that there will be a delayed effect on next year's pay bill; the paybill for the year from next February would rise even if the bank decided to freeze salaries.

BGSU, one of two unions which negotiates with Barclays, has agreed that, if members approve the deal, it will not submit a claim for an increase in territorial allowances before July 1992. The allowances are normally reviewed every August.

The bank has undertaken to "use all possible and reasonable means to avoid compulsory redundancies" during the next two years and to maintain current voluntary severance terms. BGSU sought assurances on job security after an interview in the Financial Times last Monday in which Sir John Quinton, bank chairman, said that he wanted a cut of 15 to 20 per cent of the bank's 87,000 employees during a period of years.

The pay and job security offer is still being considered by the Banking, Insurance and Finance Union which said acceptance was by no means certain. Mr Eddie Gale, BGSU general secretary, said the 9 per cent phased increase was a considerable improvement on the opening offer.

Voting in the ballot would be influenced by the payout of a profit-sharing scheme due to be announced next Thursday.

Commons setback for TV in courts bill

By Emma Tucker

A PRIVATE MEMBER'S bill to allow research into the televising of courts and the workings of juries failed to get a second reading yesterday when time for debate ran out.

The government did not oppose the measure, but gave it a cautious response. The bill, supported by the Bar Council, proposed the removal of a ban on photography in courts and the repeal of section 8 of the 1981 Contempt of Court Act, which prohibits the interviewing of jurors.

Senior judges are understood to be opposed to the introduction of such legislation.

The sponsor of the bill, Mr Mike Woodcock, Conservative MP for Ellesmere Port and Neston, said most people did not have the time or the will to visit courts.

"It is very important that people have confidence in our judiciary and legal system," he said, adding this could best be achieved by allowing the public to see judges, lawyers and the police at work and see how courts made their decisions.

Sir Nicholas Lyell, the solicitor general, voiced reservations, saying broadcasters would be under pressure to produce "vivid and immediate" television.

"It would be easy to transgress that fine line between a fair and balanced report and the education and public information aspects and drift over into entertainment if not sensation," said Sir Nicholas.

He said the existence of cameras would add to the often considerable pressure that witnesses were under and may deter them from coming to court.

Sir Nicholas said the confidentiality of proceedings in the jury room was "extremely important", and any research would have to be conducted under strict guidelines.

Royal Opera rejects corporate criticism

By Andrew Jack

THE ROYAL Opera House at Covent Garden yesterday rejected claims by some corporate sponsors that it does not provide value for money.

Mr Ewan Balfour, public affairs manager, said the level of business sponsorship and the high rate of seat occupancy at Covent Garden demonstrated the quality it provided. The Opera House receives more corporate support than any other arts institution.

His comments follow a survey of top executives' attitudes towards Covent Garden, published in Opera Now magazine. Several senior corporate figures expressed disappointment in the facilities, prices, performances and service to sponsors.

"Our comments were in the spirit of constructive criticism, not griping," said Mr Michael Prideaux, director of public affairs for BAT Industries.

"If they felt like this, why would they continue to support us?" said Mr Balfour. He admitted that projected corporate support had fallen £1.5m to £5m for next year but said this was a due to the recession.

Several executives complained that entertainment facilities, cloakrooms and lavatories needed improvement.

"This house was last modernised in 1901," said Mr Balfour. "We are more than aware of the problems and want to do something about them." Covent Garden has a £200m expansion programme due to be completed by the end of the decade.

Mr Colin Tweedy, director-general of the Association for British Sponsorship of the Arts said: "It is terribly easy to knock Covent Garden, which is on top of the pedestal, but we have had very few complaints from the business community."

Plan to fine unreasonable building appeals dropped

By John Hunt, Environment Correspondent

THE GOVERNMENT has scrapped its controversial proposal to penalise construction companies and individuals who unreasonably request a public inquiry or hearing into a refusal to grant planning permission.

The scheme in the Planning and Compensation Bill would have meant that an appellant acting in a way the planning inspector decided was unreasonable would be punished by having costs awarded against them.

The intention was to streamline the system and prevent unnecessary delays when a local authority refuses planning permission. But a wide variety of organisations objected that it would undermine the whole procedure and deter people exercising their right to appeal.

Baroness Blatch, junior environment minister, said yesterday that the government had reconsidered the matter in the light of opposition and concluded it could unfairly deter some people from asking for their appeals to be heard.

However, a new clause will be put in the bill to prevent people using the appeal procedure to intentionally create delays. Appellants will have costs awarded against them if their behaviour results in the cancellation of a local inquiry once it has been announced. The decision to drop the original clause from the bill was welcomed by Mr Tony Burton, planning officer for the Council for the Protection of Rural England.

"It would have discouraged people from exercising their right to be heard, which is fundamental to the planning system," he said.

Lottery supporters pursue their national prize

Neil Buckley reports on the growing campaign for a nationwide draw to raise funds for worthy causes

AS speculation grows that the government might be planning to change laws that prevent a national lottery, one company believes it may have found a way round them.

UK Charity Lotteries launched the Scratchcard lottery across London earlier this month and says it has sold more than 1m tickets. Mr Frank Flannery, the managing director and an effusive Irishman, has a particular reason for wanting Scratchcard to succeed – his last game venture, Skilball, was suspended at the end of last year.

Scratchcard is not one lottery, but a series of them run on behalf of different organisations. Each falls within the 1976 Lotteries and Amusements Act, which limits the value of tickets sold in any one lottery to £180,000 with a £10,000 maximum prize.

Tickets are on sale at 5,000 shops and pubs, and 78 charities and 53 arts and sports clubs have joined the scheme. They will receive 27 per cent of the proceeds. The promoters take 25 per cent while the remaining 48 per cent is paid out in prizes.

Mr Flannery says the scheme will go nationwide if enough organisations join and demand for tickets is high enough.

He has chosen an interesting time to launch the game. There were reports last week that Mr John Major, the prime minister, had asked the Treasury to investigate the possibility of a national lottery and there is speculation that legislation to allow one may be announced in the Budget next month.

A Treasury official this week denied that a national lottery scheme was being actively investigated. "It's something that's always on the back burner. Occasionally we bring it forward to the front burner and, to mix my metaphors, we never put it in the fridge."

Outside Whitehall, support has grown for a national lottery. The Sports Council, the British Olympic Association and Lord Palumbo, Arts Council chairman, are backing a plan put forward by the Lottery Promotion Company, formed four months ago to press for a change in the law.

The company is headed by Mr Denis Vaughan, the conductor, Lord Harewood, chairman of the English National Opera, Mr Eddie Kulukundis, the impresario, Mr Denis Howell, Labour sports spokesman, and Lord Birkett, former deputy director of the National Theatre. Last week the company circulated a brochure putting the case for a national lottery to benefit the arts, sport and the environment. It believes such an operation could raise £3bn a year.

The company proposes a quango responsible for granting franchises, distributing income, arranging audits and compiling an annual report to parliament. The company itself would be abolished once the lottery was operating. National lotteries are part of the social fabric in many overseas countries. Every other European country apart from Albania has at least one. Lotteries raised more than £11.6bn in Europe in 1989.

Trevor Humphries

Platform tickets: travellers try Scratchcard yesterday at Victoria station, London

Previous attempts to set up such schemes in the UK have a chequered history. Skilball, the electronic spot-the-ball game installed in corner shops and newsagents last year, was perhaps the closest the UK has come to a national lottery.

Skilball organisers said it could raise £800m in three years for a charitable trust, chaired by Mr Norman Tebbit, the former cabinet minister, which would distribute the proceeds among charities for the mentally and physically handicapped.

The game was suspended in December having paid only £190,000 to the trust. This was eaten up by administrative costs, but Mr George Wilson, the trust's secretary, said this week he expected to receive a further £40,000 that would go to charities.

Questions were asked in the Commons about the failure of Skilball. However, Mr Flannery, the managing director of Golden Grid, the company which ran the game, insists the project failed because of poor marketing and advertising, and because the game was too complex and time-consuming. Skilball was allowed to operate on such a large scale because it is technically a game of skill, not a lottery, and so not subject to the restrictions of the 1976 Lotteries and Amusements Act.

This act was a product of traditional objections to a national lottery. The Methodist church this week said: "Lotteries make poor people even poorer. People bet money they haven't got on numbers which won't come up."

A powerful objection is that there is "only so much in the well". A national lottery, it is said, may reduce the amount people give to charity. It could also hit football pools and other traditional forms of gambling and the proceeds which go to the government in taxation.

The pro-lottery lobby argues that a national lottery would be a harmless and non-addictive amusement, like a raffle, and would attract new money.

A final incentive, supporters argue, is that with the advent of the single European market in 1992, the European Commission may put pressure on the UK to change its law preventing foreign lotteries from operating in the country.

It would be a tragedy, the campaigners say, if money that could flow into a British lottery instead ended up subsidising arts and sport overseas.

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Weekend February 23/February 24 1991

Endgame in the Gulf

IRAQ HAS led the emotions of the world in a cruel dance since it invaded Kuwait on August 2. But the music could stop at high noon today. If President Bush means what he says, and there is no reason to doubt him and his allies, Saddam Hussein must finally face up to reality.

There will be no more prevarication, no more dissembling, no more appealing to disparate audiences, no more playing one side off against another. Now his options are quite clear. To withdraw from Kuwait, on terms that might allow him a chance of personal and political survival, or to fight a land war to an end in which he will be lucky to achieve either.

Even before Mr Bush delivered his ultimatum yesterday, it had become apparent that Iraq was moving, albeit unwillingly, towards the endgame of this conflict. It still remains possible that Saddam Hussein is inviting martyrdom. A literal reading of his speech on Thursday suggests no more than this. But the later announcement in Moscow of the Iraqi "acceptance" of the Soviet peace terms, insufficient though these were to satisfy Mr Bush and the coalition, demonstrated an instinct for survival that is consistent with everything in his record. So had the qualified acceptance of United Nations Resolution 660 issued a week before.

The question for the allies is straightforward. It is whether or not to settle for peace on terms that would allow Mr Saddam to withdraw from Kuwait with enough honour, credibility and power intact to allow not only his own survival in Iraq, but his capacity to remain a force in the region. Washington, London and the Gulf states, not to mention Israel, would like nothing better than his removal. This would ideally be effected by his own citizens, who have not exactly prospered under his rule, but this cannot be assured. As it stands, the explicit aims of the coalition, enshrined in the 12 UN resolutions, are only the restoration of the independence of Kuwait. They should not be extended, even in a land war, simply because they were the basis on which the coalition was formed and has held together.

Soviet role

Potentially complicating matters further for Mr Bush is the role of the Soviet Union in the negotiating process. The president himself paid enough tribute to Soviet efforts yesterday to demonstrate that he understands the need to keep Moscow on side. But, in engaging in the ultimate brinkmanship, it would not help the president to have Moscow assert that the US brought about a land war while the prospect of a negotiated ceasefire was real. So far, it has not.

But the Soviet plan did fall well short of the minimum requirements of the UN resolutions. It is simply not on for *all* UN resolutions to be rescinded in the course of, or as a result of, an Iraqi withdrawal from Kuwait. Resolution 662, to take just one example, declares the annexation of Kuwait to be invalid. Cancellation of it would put back on the table Iraq's claim to all or part of Kuwait. Nevertheless, Soviet mediation had brought Iraq to the point that it was ready to sue for peace. That is something. But the terms of the Soviet plan also made more likely the survival in power of Saddam Hussein in some consequential form.

Reasonable terms

The coalition's reasonable terms for withdrawal are much tougher. They include leaving Kuwait in such short order as to mean that Iraqi equipment would have to be left behind; a return of allied prisoners of war and interned Kuwaiti civilians; maps of all minefields in Kuwait and the dismantling of whatever has been put in place to sabotage Kuwaiti installations, principally the oil facilities (if Mr Bush is right about the "scorched earth" policy now being inflicted on Kuwait, Iraq has pre-empted compliance with this requirement). They do not include guarantees of safety or immunity for Saddam Hussein himself, as may have been implicit in the Soviet peace initiative. It is very unlikely the coalition could or should substantially modify these terms. To be avoided at all costs is the prospect of Iraq withdrawing from Kuwait with enough firepower to continue the battle from its own territory.

If it comes to a land war, Mr Saddam can assure his removal from power by using chemical and other unconventional weapons. He has done it before. If he does it again, then there can be no doubt that the allies would extend the war aims beyond the limits of the UN resolutions and go for his head. International opinion, otherwise properly nervous about such an explicit extension to include the toppling of the Iraqi president, could not come to his defence.

But the main responsibility lies, as it has always been, with Mr Saddam to stop it coming to this. After so much prevarication, this final ultimatum will perhaps serve to focus his mind.

Peter Riddell on the US president's tough response to the Soviet-Iraqi peace proposal

Bush regains the initiative

President George Bush is winning the Gulf war, but when will he declare victory?

The Soviet/Iraqi peace plan, unveiled in the early hours of yesterday morning, posed *that* question by offering an end to the war on terms which could not, for the first time in the seven-month crisis, be rejected out of hand – even though the specific conditions are unacceptable to the coalition.

Mr Bush made plain in his robust answer yesterday that the war will end not with a messy compromise allowing Mr Saddam Hussein to save face but with strict adherence to successive United Nations resolutions.

His tough ultimatum to Iraq to begin withdrawal by 5pm GMT today and to complete the pull-out from the whole country within a week also regains the initiative for the US and its allies in defining the terms for ending the war – following nearly a week in which the Soviet Union and Iraq appeared to be setting the agenda. While Mr Bush has publicly thanked Mr Mikhail Gorbachev for his initiative, there has been irritation in Washington at the attempts by Moscow to rescue its former client in Baghdad and rebuild its influence in the Middle East. With US/Soviet relations already strained over arms control and the crackdown in the Baltics, Washington does not want an open split with Moscow on this issue. But yesterday Mr Bush politely, though firmly, pushed the Soviet/Iraqi plan to one side.

The Moscow initiative has, however, forced Mr Bush and his advisers to confront the inherent conflicts between the war aims of the US and its close allies and those of other members of the diverse international coalition ranged against Iraq.

The US dilemma reflects not just its detailed reservations about the terms in the Moscow plan for withdrawal, but also, more fundamentally, the position of a Saddam-led Iraq in a post-war Middle East.

As Democratic Congressman Mr Lee Hamilton, chairman of the House sub-committee on the Middle East, says: "We are poised on the brink of a decisive military victory. You do not want to undercut that with an ambiguous political settlement. That puts the president in a difficult spot."

A plausible case can be made for declaring victory now, provided Iraq leaves Kuwait on acceptable terms. For the first time in the crisis Baghdad has been forced to accept that it will have to withdraw from Kuwait, the main point of the UN resolutions. And, despite predictions of early splits, the international coalition has held together, Israel has been kept out of the war and Mr Bush has retained overwhelming domestic political support for his handling of the crisis.

George Bush made plain yesterday that he will not allow Saddam Hussein any easy options

Moreover, in just over five weeks of the air campaign, the US and its allies have severely damaged much of the Iraqi military machine, destroying at least two-fifths of its 4,200 main battle tanks and much of its army in southern Iraq and Kuwait. Iraq's nuclear, biological and chemical programmes have also been set back several years. Yet Iraq has not been so weakened as to destabilise it in relation to its neighbours, notably Syria and Iran.

All this has been achieved with very low US and allied casualties, which would undoubtedly rise sharply if the next military stage of a full-scale ground offensive goes ahead.

The problem, however, for Mr Bush is that the initial Soviet/Iraqi plan would have allowed Mr Saddam to return to the position before August 2 without paying any further price. Although his army is already severely battered and his country heavily damaged, the Iraqi leader would be able to claim he had stood up to the US and, still with formidable forces, be in a position to menace his neighbours.

Consequently, the US has made a central theme of the military campaign the destruction of Iraqi military capacity, and its weapons of mass destruction. This can be justified as a way of forcing Iraq out of Kuwait while minimising allied casualties.

Mr Bush has at times gone well beyond the UN resolutions – with implicit encouragement from some allies and explicit support from Israel – in calling for the end of Mr Saddam. The US president has urged the Iraqi military and people to oust Mr Saddam.

US officials have repeatedly said that allied aircraft are not targetting the Iraqi leader, nor is his removal a war aim as such. Rather, the departure of Mr Saddam is a highly desirable outcome which would considerably ease post-war discussions.

Many in Washington, not least among Mr Bush's own advisers, are urging Mr Bush to press on, now that an overwhelming military victory is within grasp. Some commanders have been talking confidently of finishing the land campaign within three weeks. This would permit the destruction of the Republican Guard units along the Iraq/Kuwaiti border, which is an important political as well as military objective aim since the Guard is the backbone of Mr Saddam's regime.

The risk of a land war is not only that the international coalition will split but that the US and its military allies will face large casualties as a desperate Mr Saddam orders chemical weapons and, possibly, terrorist attacks. The war could turn much nastier for the allies.

Mr Bush yesterday attempted to reconcile these aims by his toughly-worded ultimatum. He insisted that any Iraqi withdrawal must be immediate and unconditional in compliance with all 12 UN resolutions. This is to ensure a speedy withdrawal.

But the US also wants to ensure that Iraq faces up to the terms of other UN resolutions, which the Moscow plan would annul. This refers particularly to resolution 674 making Iraq liable for damages to foreigners or property resulting from the invasion. The US will also seek to maintain economic sanctions until these issues, the position of prisoners of war and war crimes are resolved. Moreover, the US and its allies want an arms embargo against Iraq. The White House said specifically yesterday that if sanctions were lifted Mr Saddam could simply revert to using his oil revenues to rearm.

If Iraq agrees to start withdrawing later today, the US believes its strict terms will ensure that Mr Saddam is humiliated. His power will be contained even if he survives – still a second best solution for Israel and many of Iraq's Arab neighbours.

But if Iraq does not meet today's deadline, Mr Saddam faces the explicit threat of an early start to the ground campaign. The Gulf war is approaching its climax.

The many faces of Saddam

Politics means survival to Iraq's leader, says Roger Matthews

The difficulty of dealing with President Saddam Hussein, as Mr George Bush has discovered, is that the Iraqi leader operates at different levels, addresses different constituencies and has objectives that are difficult for the western mind to discern.

Eight days ago there was a sudden surge of excitement as Mr Saddam appeared to accept the necessity of unconditional withdrawal from Kuwait. President Bush, perhaps describing his own emotions, later described the Iraqi statement as a "cruel hoax" because of the conditions attached to the withdrawal offer which rendered it meaningless.

Mr Saddam was at it again on Thursday, only this time he reversed the process. First, he applied the douche of cold water, then he provided the optimism. His rhetorical, threatening, uncompromising speech on Baghdad Radio was immediately interpreted in the Pentagon and elsewhere around the world as political suicide.

A few hours later with the land war apparently imminent, Mr Tariq Aziz, Saddam's foreign minister, popped up in Moscow with a fresh offer of unconditional withdrawal from Kuwait, hedged around with fewer conditions. As the plan appeared to have the blessing of the Soviet Union and did not include some of Iraq's more extreme earlier demands, the White House was initially cautious in its response.

In his own perverse way, Mr Saddam may still be on the path he set himself, although there is increasing evidence that he underestimated both the extent and impact of allied bombing and may, after Mr Bush's ultimatum yesterday, have misjudged the US president.

Mr Saddam has to portray at least two faces. Within Iraq, on Baghdad Radio, and in the Arab world, he has to be the fearless leader, taunting the infidels into crushing defeat. To the Soviet Union and parts of the developing world, he appears more conciliatory: the Third World leader bullied by colonialists and seeking a fair compromise to contentious issues while bravely defending the integrity of his nation.

Other politicians, especially in the Middle East, understand the procedures and learn how to tune their interpretation according to circumstances. For example, on Thursday, Saddam's speech was seen in the west as belligerent, but in Baghdad as a precursor to a new peace offer.

But Baghdad does not always get it right. A week previously, hundreds of people had rushed on to the streets to celebrate the approaching end of the war, only to find, like Mr Bush, that they have been hoaxed. But that, too, can be the classic ploy of the dictator seeking to identify the weak links in the chain of loyalty.

And that is the dilemma for everyone, including the Iraqi people: trying to understand what it is that Mr Saddam wants and how far he will go to achieve it. If, as is possible, he concluded last August that his elevation to heroic status in the Arab world was to be achieved by drawing the Americans into a confrontation and by inflicting on them politically unacceptable casualties, then he may think he is on schedule.

He has won limited support among Arabs, Moslems and especially those who are, for whatever reason, instinctively anti-American. If, as is also possible, the allied armies punch into Iraqi territory, then he will additionally be able to present his war as one of national salvation and garner further support.

It may be, however, that the worst error of misunderstanding has been committed by Mr Saddam. He could not have anticipated the huge damage done to Iraq's infrastructure or to his armed forces and, as a result, just how little he would be left to bargain with. It may be inconceivable to Saddam that he could be faced with yesterday's ultimatum which, in his eyes, involves total humiliation.

If that is how Saddam sees it, then the blazing oil facilities of Kuwait last night were but the start of a brutal war of attrition. Politics for Mr Saddam are only about survival. He will use whatever methods are available. But he can still do a deal, even after a land war is under way.

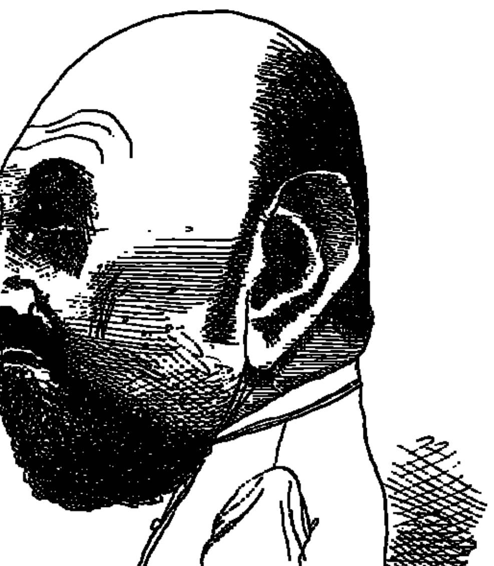
It is also probable that Mr Saddam is far more confident that anyone in the west would believe about his ability to hold on to power. He still has substantial armed forces close to Baghdad and, once the land war starts, the tribe, especially from his home region of Takrit, will gather more tightly around him. Liberating Iraq will take much longer than freeing Kuwait.

MAN IN THE NEWS

Nico Ladenis

The cook, the client and the Takeover Panel

By Nicholas Lander



In a week when so much was still happening in the Gulf, the amount of press coverage which Nico Ladenis, chef-proprietor of the restaurant Chez Nico in London's West End, received as a result of a ticking off from the Takeover Panel may seem excessive.

Ladenis had been reported to the panel by an aggrieved shareholder over the manner in which he and his wife had taken their restaurant company private. His defence that, as a chef, he was unfamiliar with the requirements of the Takeover Code, was accepted, although the panel did, somewhat unusually, issue a public reprimand. The investors in Ladenis's restaurant, which was set up under the Business Expansion Scheme, were, presumably, aware of the risks inherent in the venture. They were aware, too, of the tax advantages as well as the sheer pleasure that can accrue from association with a top chef. Just because this company's average meal price is about £50, they may well have believed that financial success was guaranteed. This has proved far from the case.

But the fascination that this episode has engendered, and the emotions which Ladenis himself has aroused ever since he began to cook, go far deeper. They also go a long way to explaining the attitude Ladenis has taken towards his shareholders.

Born in Kenya, Ladenis read Economics at Hull University and fell into catering when he was considered "non-conformist, argumentative and unemployable" by Shell. These traits are still there, although mellowed with age, while his reaction to criticism and desire to impress those whom he respects show a passion that is almost naive. Entirely self-taught, he has opened restaurants in Dulwich, Battersea, Shinfield, and most recently Great Portland Street. His restlessness is not just physical but also intellectual.

To many who have eaten his food Ladenis has given a great deal of pleasure. As well as his obvious skills he has also posed as a lone non-French rival to a circle otherwise dominated by the Roux brothers and their acolytes. But he has also annoyed and upset many, if not more, by refusing to put salt and pepper on the table and by attacking the "gin and tonic brigade". He has paid a high financial price for these "principles", as it was his alienation of many actual, and potential customers, which forced the sale of the third restaurant in Shinfield, Berks, at a considerable loss.

Arrogance may also be the key to this latest episode. By virtue of his talent Ladenis has not wanted for professional advice – in his early ventures, the solicitor Sir David Napley was an adviser and admirer. So, too, was the shareholder who took Ladenis to the Takeover Panel, and will be taking him to court again next month – Colin Lever is a senior partner in Bacon Woodrow, the UK's largest firm of actuaries. Characteristically, Ladenis chose to ignore outsiders, and with his wife Dinah-Jane decided to take the company private last June.

Ladenis has managed to put to rest the hypothesis that to be a great chef you have to love your customers or even your shareholders. But his accounts over the past five years have also laid to rest the myth that a high-priced restaurant, even with free-spending customers, is a potential gold mine. In this Ladenis is not unique.

Six months before Ladenis's BES matured, Raymond Blanc, possibly the one chef in England to rival Ladenis for originality, but one blessed with lashings of Gallic charm, faced the same problems at his restaurant, Le Manoir aux Quat' Saisons, outside Oxford. Blanc's company never paid a dividend during its first five years; an original investment of £100 in the restaurant had only doubled in value five years later, although the tax allowances boosted this return. A similar amount invested in the all-share index would have made £232.27p.

What both these illustrious restaurant stories highlight is an undisputed fact of the restaurant life today; that the profits generated are in inverse proportion to the quality of the food served. Ladenis himself has continually lamented his small returns for dishes made individually and from basics, however expensive, while only 300 yards away on Oxford Street, Burger King fuels thousands each day on items much less inspirational.

While the 1980s saw a sharp growth in British demand for better food, the second half of the decade conspired to make profits elusive. Rising rents, inflation, and considerable competition for a shrinking pool of skilled labour added to the fragility of the ingredients involved. It is not surprising that one of the longest success stories of culinary London – Albert and Michel Roux – should have its origins not in the last decade but in the less costly 1970s.

Nor has the BES system proved to be a panacea for restaurant funding. Its biggest fault is that its life-span of five years is too short – seven years are considered the minimum period needed to establish a restaurant of outstanding quality. The same shortsightedness has also affected a number of wine stockholding companies set up under BES, which invested heavily in the bountiful Bordeaux vintages of 1982-83. After a period of trading within BES regulations, they then tried to unload their stocks to comply with the scheme's five-year deadline. Not surprisingly the market was quickly saturated with wines not made to be drunk until the mid 1990s.

Amid the wrangling that this small case has aroused, two much larger points emerge. The first is that Ladenis and Blanc failed to convert their culinary skills into financial rewards even when the UK was packed with businessmen and tourists from abroad. Many restaurateurs faced the enviable decision of giving their last table not to local customers but to tourists or businessmen from New York and Tokyo. Now these visitors have disappeared and British restaurateurs have to concentrate on markets they have neglected.

The second, more beneficial, consequence lies in Ladenis's comments after the Takeover Panel's verdict. Fed up with the City, he says he wants to get straight back to the kitchen. Many would argue that this is exactly where he and other top chefs belong. Too many have aped their French counterparts, steeped in a culinary history and tradition which we can only admire but not copy, and sought the extra fame and fortune that advertising can bring, forgetting the very reason that lures diners and their hard-earned cash to their restaurants.

If all our top chefs now return to their stoves, make less frequent appearances on TV, write fewer complicated cookery books and make no more extremely expensive, endorsed, pots of apricot jam – the Takeover Panel will have, probably inadvertently, done a huge service to those who enjoy eating out.

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Philip Stephens says the former prime minister is at a crossroads

Thatcher in transition

She looks fit enough; but the confident sparkle has dimmed. Her convictions are as unshakeable as ever; but the voice that delivers them is quieter, less stridently sure.

As Mr John Major grappled this week with the crisis in the Gulf, his predecessor in Downing Street tiptoed back into the public gaze. Three months after the inglorious end to her premiership, Mrs Margaret Thatcher is inching back from political exile. But she is wondering also whether it is not time to stand down from the House of Commons after 31 years as MP for Finchley.

This week's was a deliberately low-key appearance before a group of her most ardent admirers. Mrs Thatcher chose a dinner to honour the retirement of Lord Jakobovits as chief Rabbi for her first formal speaking engagement. Nowhere is Thatcherism more revered than in Britain's Jewish community.

Only those who took the trouble to contact her small Westminster office were given a text of her speech. At the dinner itself, in the faded splendour of a London hotel ballroom, the familiar scrum of television cameras and reporters had given way to just three journalists perched discreetly at the back of the room.

It was an almost eerie occasion. Lord Jakobovits, first knighted and then ennobled during Mrs Thatcher's 11¼ years in Downing Street, spoke almost as if nothing had changed. The audience seemed bemused that Mr Major, not Mrs Thatcher, now directed the fire of British forces in the Saudi Arabian desert.

This is something that she too has yet to come to terms with. Close associates dismiss reports that she remains deeply depressed or that she is now convinced that she was the victim of conspiracy among some of her closest cabinet colleagues. "I see her almost every day and she is as robust as ever," one insisted this week. Others are not so upbeat.

She has chosen to distance herself from those of her strongest allies on the right who have begun to snipe publicly at Mr Major. A reference in her speech this week to his cool handling of the Gulf crisis was inserted deliberately to signal that she is keeping faith in her chosen successor.

But if it is clear she is convinced that she still has a role to play on the political stage, she is uncharacteristically unsure of what it will be.

In Downing Street the time filled itself. The endless stream of visitors, of civil service "red boxes", of Commons appearances, of discussions (more frequently, arguments) with ministers, occupied 20 hours a-day.

Now friends have lent her an office in Westminster and a flat in Belgravia. At the weekends she returns to Dulwich to the house she bought several years ago but did not expect to occupy for several more years yet.

She has accepted the presidencies of two pressure groups – the No Turning Back Group of devoted MPs on the right of the Tory party and the anti-federalist Bruges Group which takes its name from her famous speech on Europe.

She is planning her memoirs – a detailed work likely to run to three or four volumes. A group of staunch admirers led by Lord McAlpine is pushing ahead with plans to establish the Margaret Thatcher Foundation.

A charitable educational trust, modelled loosely on such organisations as the US Heritage Foundation, will raise millions of pounds to propagate the capitalist, individualist philosophy in which Thatcherism was rooted. Much of its work will be focused on Eastern Europe, where the collapse of communism gave Mrs Thatcher her greatest sense of personal vindication.

In two weeks she will deliver an important speech to a conference of distinguished American academics and politicians. In Washington she will receive from President Bush the Medal of Freedom, the highest US civilian honour.

But political friends say none of this comes close to filling the gap. If her depression has begun to lift, she still finds hard to accept the transition from political leader to (influential) outsider.

Though her office is only a few hundred yards away, Mrs Thatcher only rarely appears at the House of Commons. She has never been at ease here, but now you can tell that it is an immense effort just to turn

Time on her hands: Mrs Thatcher is inching back from political exile but is still looking for a role

up," one close friend says.

The awkwardness, always inevitable when a prime minister returns to the backbenches, is compounded by the intensely male, clubby atmosphere of Westminster's bars and smoking rooms. "She can hardly drop in to share a pint and a joke with the chaps," one Tory MP commented this week as he made his way to Annie's Bar.

A week ago she did spend an evening in the MPs' dining room. Those present reported that the passion with which she spoke of the political outlook – notably the need to forcibly remove Iraq from Kuwait – was undimmed.

Her speech this week, with its emphasis on the rights and duties of the individual, on "hard and honest work", on thrift and moral probity, underlined also that her enforced departure has not shaken her sense of self-belief.

It was perhaps not coincidental that Mrs Thatcher praised Lord Jakobovits for his "unyielding commitment to principle . . . a refusal to seek easy popularity at the expense of integrity".

But much of the conversation at the Commons dinner centred also on whether she should stand down as an MP at the next general election. "She is clearly thinking hard about going to the House of Lords. She does not want to end up like Ted (former prime minister Edward Heath) sulking on the backbenches," one of those present commented.

Another said that though she was determined to put on a brave face, she remained deeply distressed: "It is as if she has suffered a bereavement. It will take her a year or so to get over it."

Her aides insist that she has not taken any decision on whether to stand down, but a senior MP who sees her regularly believes that she will announce her intention to do so at the annual general meeting of constituency next month.

The advice she is receiving does not, however, all run in the same direction. A member of the No Turning Back Group who attended a supper at her flat this week believes that it is vital she stays in the Commons to protect her inheritance.

He is among a not-insignificant group on the right of the party, who is deeply concerned that the softer style of Mr Major's government will soon be followed by a retreat from Thatcherite substance.

The most public expression of their disquiet in recent weeks has been over Britain's commitment to the European exchange rate mechanism. The calls from Sir Alan Walters, Mrs Thatcher's former economic adviser, for immediate cuts in interest rates and devaluation within the ERM have struck a chord with many of her strongest supporters.

Mrs Thatcher herself is said to have confided to friends that she had gave her approval for British membership only after Mr Major, then chancellor, told her that it was the only way that interest rates could be reduced.

But the concerns on the right go wider. The fear is that if Mr Major is not seeking to reverse the gains of Thatcherism, he has neither the courage nor conviction to ensure that the frontiers are constantly being pushed outwards.

One describes the prime minister as a "greenwood" politician bending with the prevailing political winds. Another says that by staying on the backbenches Mrs Thatcher would provide a marvellous "deterrent" against such backsliding.

For her part, Mrs Thatcher has said that: "I shall go on fighting for everything I believe in." In the Commons or outside it, she will not find it easy.

BR chairman undergoes a conversion

Richard Tomkins on Sir Bob Reid's new-found enthusiasm for spending on the rail networks

Four months into his job as chairman of British Rail, Sir Bob Reid has done what everyone suspected he would do sooner or later: gone native.

All too brief was the honeymoon period during which the former chairman and chief executive of Shell UK claimed that BR's problems could not be solved by throwing money at them.

Instead, this week has found him joining the long tradition of BR chairmen in proclaiming that mountains of the stuff are needed if Britain is to have a railway system that works.

The timing of his conversion was predictable. At bottom, there were only two possible causes for the widespread collapse of BR services in this month's well-forecast cold snap: blundering incompetence on an epic scale, or inadequate investment. It would have been an exceptional chairman who made the other choice.

Sir Bob, however, denied that the snow chaos was behind his conversion. Rather, it was the product of a "voyage of discovery" he had been on since taking on the chairmanship full-time last October.

This, he said, had shown him that although a big investment programme was under way in projects such as the electrification of the East Coast main line and works related to the channel tunnel, the routine refurbishment of the railways' existing assets was still being neglected.

Examples he had so far identified included signalling systems which were becoming out-dated faster than they were being replaced, and rolling stock maintenance depots falling into a state of decrepitude.

"If you want a modern, reliable railway, you have got to spend money," he said. "It's no good attacking the railway people and telling them they should all resign, because if they all did that, you'd be left with no one at all."

But surely most of the trains that broke down in the recent snows were brand new additions to the fleet? Yes, said Sir Bob: but it was still a question of cash.

"If you are in the business of investing in things where you take delivery of something on Monday and have to put it into service on Tuesday without running a prototype for a year or two years, you are going to run into trouble."

In a welcome spirit of openness, Sir Bob made the surprise announcement that full details of BR's internal inquiry into the causes of the snow chaos would be made public early next month. But with BR acting as its own judge and jury, the conclusions had been written before the inquiry started, and all ended with the same words: more money.

What Sir Bob wants is not a massive subsidy from the government, but a relaxation of the Treasury constraints which set ceilings on how much BR can borrow and invest each year.

At present, BR's investment programme is notionally financed from two sources: debt and profits. But in recent years, property profits have been so buoyant that BR has repayed more than it borrowed. By last March, outstanding debt had fallen from a level of about £600m in the early 1980s to £294m.

Sir Bob believes that this figure now needs to rise to finance a higher level of investment. By and act of parliament, he observes, BR is allowed to borrow up to a limit of £1.1bn. He would like to do so: but because loans to BR count as public sector borrowings, they are tightly controlled by the Treasury.

Will the government give way? This seems highly unlikely. The Transport Secretary, Mr Malcolm Rifkind, has taken to reciting several times a day that the sum of £4bn which BR has been authorised to spend over the next three years already represents the highest level of railway investment in 30 years.

A second obstacle is the fact that BR will probably have to seek higher borrowing levels even under the existing investment programme because of falling property profits and passenger numbers. The Treasury – not renowned for bursts of munificence at the best of times – seems unlikely to hand it out in double doses in the midst of a recession.

Perhaps even more disturbing to the Treasury will be the rider added by Sir Bob. He not only wants more money, but wants to be able to lay hands on it more easily.

Under the existing system, he says, rigorous scrutiny of every significant investment decision by the Department of Transport and the Treasury is causing unacceptably long delays. "If you want an industrial performance that the public can be proud of, then you have got to let the business be run in a sensible fashion, and my experience of four months is that there are too many blockages," he says.

People with long memories suggest that what Sir Bob is seeking is a return to the high debt levels and lax financial monitoring of the early 1980s. Then, they recall, mounting concern over British Rail's financial performance led to the highly critical Serpell report, named after Sir David Serpell, who chaired the committee which wrote it, and in turn to the creation of the investment appraisal processes which exist today.

And yet, on overall investment levels, Sir Bob may have a point. Passengers' own experience of the railway suggests that, in many areas, refurbishment is long overdue. For all Mr Rifkind's boasts about BR's investment levels, some £1.4bn of the £4bn being spent on BR is allocated specifically to channel tunnel works, not to the rest of the system. And it is unclear why, given the strains of present traffic levels, the investment should not be higher today than it was 30 years ago.

As a minister still new to his department, Mr Rifkind must be casting around for initiatives to demonstrate his concern over Britain's transport crisis. Spending will win him no friends with the Treasury, but looking at whether there is a case for it could do less harm. Ten years on, and with the public angry about BR's performance, it is time for another Serpell.

LETTERS

Meal ticket

From Mr Richard Vivian

Sir, Michael Thompson-Noel's scheme for hedging the future cost of dinner ingredients (February 16) lacks the beautiful simplicity of my own stratagem. I have given my god-daughter a Britannia gold coin on the understanding that when she comes of age and wishes to sell it she will take me out to dinner on her winnings.

Using this simple "straddle" I have hedged against the possibility that the price of dinner will outperform that of gold over the next 15-20 years. My god-daughter, of course, will be hoping for the exact opposite.

Richard Vivian,
37 Dafforne Road, SW17

Execution of a TV franchiser

From Mr Jeremy Wallington.

Sir, In an article on the forthcoming independent television franchises (February 16), Alice Rawsthorn made the comment on the last round in 1980, (not 1982 as she said): "All the incumbents survived the round except for Southern, which was suspected of neglecting its programme-making responsibilities."

As the director of programmes of Southern Television from 1977-81, this is a slight, personally, on me and on the talented and interesting team which I led during that period.

A few months ago, the authorised history of the Independent Broadcasting Authority for the period (Independent Television in Britain, Vol IV, by Jeremy Potter, Macmillan) was published.

It says (page 135): "In 1980 had programme performance and quality of management been decisive considerations, Southern Television should have been assured of the award of a new contract . . . it was pre-eminent among the regional companies as a regular contributor to the network schedules. The quality of its children's programmes and drama matched the standards of the network companies and in the Glyndebourne operas it enriched the ITV schedules with a prestigious ingredient. Satisfaction among viewers in the region was unusually high."

The canard that Southern's execution was due to programmes has been around for a decade. It was alas untrue, as anyone working in the ITV system in 1980 knows. The fault is not particularly Ms Rawsthorn's reporting but much more to do with the absence of obligation on the IBA to report its reasoning at the time – one hopes that in the allocation of the new licences a much greater sense of honesty will prevail.

Jeremy Wallington,
chairman,
Wallington, Irving, Jackson,
MV Josephine, Millharbour,
West India Docks, E14

Credit and competitiveness

From the managing director, NEI Parsons

Sir, While agreeing with Edmund Dell's premise that UK suppliers should not be denied the opportunity to compete in the export market, ("Disarmament is not the Answer" February 15), I must take issue with one of his statements.

He suggests that ECGD's provisions "may also be a symptom of the decline in competitiveness of UK industry". Assuming ECGD can only need a provision when there is a risk of a customer defaulting on payments, whether for free standing products or those forming part of a project, then a UK company must first have won the export contract which gives rise to that default. The fact of having won the contract in turn implies that the UK company must have been considered competitive by the overseas buyer. It is therefore dangerously misleading to mix considerations of declining competitiveness with ECGD provisions in this way.

However, looking to the future, should export credit guarantees become relatively even more expensive for UK exporters than for competitors, our competitiveness may well decline to a level where ECGD requires few, if any, provisions since we will have few exports needing credit guarantees!

R.H. Maudsley,
Heaton Works,
Newcastle upon Tyne

Commission disclosure

From Ms Jean Eaglesham.

Sir, It is Mr Peter Heath who is missing the point about commission disclosure, not the Consumers' Association (letters, February 15).

Mr Heath accepts the principle that consumers should know the price of a service – except, it would seem, if the service is independent advice and the price paid is in the form of commission.

Of course, commission may not be the only cost. In the case of a life policy bought from a tied agent, the consumer may also unwittingly be paying substantial charges to cover the life office and other expenses. That is why we have consistently argued for the disclosure of total charges, as well as commission.

Mr Heath then defends the curious practice of telling consumers the price of the service only after the purchase has been made. Granted that consumers can then reject the service outright – assuming the policy is not urgently required to support a mortgage, for example.

But why should they have to wait until after they have chosen the policy to know the full basis of its cost? Full market competition can only exist where consumers can exercise informed choice, and delayed disclosure seems certain to discourage this.

The consumer's requirement for effective disclosure is simple: disclosure in terms that can be readily understood and compared. In our view, the price should be shown in cash as well as percentage terms. If Mr Heath wishes to ignore the cash price that is, of course, his prerogative.

Jean Eaglesham,
Consumers' Association,
2 Marylebone Road, NW1

Speaking up for British industry

From Mr Douglas Dale.

Sir, One wonders how long Phillip Oppenheim MP will need before he and the Conservative party take responsibility for the second recession they have presided over in 11 years.

Their policies have been the opposite of those of the Labour years, which were blamed for the first – with justification.

The long-suffering public would be more impressed if politicians admitted their mistakes, instead of pretending never to be wrong. In the early 1980s, the then chancellor Geoffrey Howe believed that British industry had, of necessity, to decline because we had income from North Sea oil – a ridiculous proposition, if ever there was one – and now the pound has been tied to too high a value, in the belief, apparently, that all industry needs is bitter medicine to make it try harder.

The Confederation of British Industry is at last beginning to speak up for industry – about five years too late – but still in soft tones as it has to speak for the City of London, as well as industry, whose interests are often at variance. The UK must be the only country whose government fails to regard the health of industry as overwhelmingly important.

The US is ahead of Britain in allowing its financial markets to ruin its industry, but we are close behind. Modern methods of shareholding through institutions, force "short-termism" on industry and thus prevent long-term planning, research, development and investment.

No one would advocate inflation, but it performed one good function which seems to pass unnoticed. Fixed interest borrowings are more easily repaid in the inflated pounds of future years. For several decades, this encouraged investment, but the effect almost disappeared in the mid-1950s when inflation fell to 3 per cent. That may have contributed to our present malaise.

UK industry desperately needs three things:

1. A financial stimulus for research, development and investment.
2. Relief from pressure for short-term profit from its institutional investors whose success is measured by quarterly league tables showing their performance against others of their kind. (Higher capital gains tax on short-term investments and lower rates on investments held for five and 10 years would encourage a longer view.)
3. Action by the new accounting standards authority to eradicate fictional profits and returns on capital caused by the reduction in the value of money. These profits mean that companies pay more than they should in corporation tax, dividends and pay rises.

These measures would leave industry in no doubt that it was expected to plan for the futures there is no future in looking for a maximum three years pay-back!

The recovery process would take many years, but there is no other way.

Douglas Dale,
97 Hilderstone Road,
Meir Heath, Stoke-on-Trent

Drop them!

From Mr D FitzWilliam-Lay.

Sir, Since you started distributing loose advertisements with your paper last year, for me one of London's most depressing sights has been the extra litter around the entrance to Sloane Street underground and along the eastbound platforms to the City.

One would have hoped that civilised elements at the FT would have resisted this particular lure from Mammon.

David FitzWilliam-Lay,
19 Chesham St, W1

Paying for travel by credit card

From Mr R Kent.

Sir, In his article "Paella and Chips" (February 9) David Churchill deals with the question: "What happens if my travel company goes bust?" But he omits the best answer of all.

That is, to pay for your holiday using a credit card. Under the 1974 Consumer Credit Act there is a "joint liability" which applies to all breaches of contract: if the goods or services are faulty, or do not match their description, then you have a claim against the credit card company.

This applies to all contracts over £100, and credit card companies accept that it covers travel agents.

So use you Visa or Access card (and take advantage of the insurance that some issuers offer) and you need not lose sleep worrying about your holiday.

Richard Kent, *Sierra De Altea,*
Alicante,
Spain

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

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BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net/	Net CAR	Interest paid	Minimum balance	Access and other details
Alliance and Leicester	Instant Access	10.25	10.25	Yearly	Tiered	10.00/9.75/9.50/9.25/6.25 Inst acc
	Cash Plus	9.50	9.50	Yearly	£2,500	9.25 £500+, 6 25 £25+, ATM access
	Midas	10.80	10.80	Yearly	£25,000	Instant
	Ninety Day	11.50	11.50	Yearly	£100,000	Gross interest available.
	Tessa	14.50G		Yearly	£10	28 days not/mth. Int. av.
	Specail Return	11.75	11.75	Yearly	£10,000	2yr term 10% Inst acc fac mth int av.
Barnsley (0226 733999)	*Summit*	*11.25*	*11.25*	Yearly	*£50,000*	*90 days'not/pen -£10K mth int av.*
Birmingham Midshires	Quantum 60	14.50G	15.03G	½ yearly	£50,000	60 days not/pen Inst acc. £10K+
(0902 710710)	Tessa	14.00G	14.00G	Yearly	£1,500	90 days not/pen and 90 day pen.
Bradford and Bingley (0274 561545)	Maximiser Bonus	9 00		Yearly	£1,000	Inst./Bonus for no withdrawals
	Maximiser Bonus	9.75		Yearly	£10,000	Inst./Bonus for no withdrawals
	Maximiser Option 3	10.08		Yearly	£2,500	6 mths notice/pen (9.58 mthly inc)
	Maximiser Option 6	10 95		Yearly	£2,500	6 mths. notice/pen (10.28 mthly inc)
	Elite 6	15.33G	11.50	Annually	£5000	Interest tiered with 6.5% guaranteed
	Elite 6	15.67G	11.75	Annually	£25,000	differential 1st interest 31/3/90
Bristol and West (0272 294271)	Select	11.00	11.00	Yearly	£50,000	Inst. Acc. No penalty.
	Select	10.25	10.25	Yearly	£25,000	Choice of passbook, cashcard
	Select	10.00	10.00	Yearly	£10,000	and, (if £2,000 remains in
	Select	9 00	9.00	Yearly	£2,000	account) cheque book with
	Select	8.25	8 25	Yearly	£500	£100 guarantee card
	Select	6.00	6.00	Yearly	£1	
	Tessa Plus	14.25G		Yearly	£1	+2% bonus in first year.
	Special Edition Bond	16 00G	12.00	Yearly	£25,000	Instant access up to £1000 also available
Catholic (071-222 6736/7)	Jubilee Bond III	10.25	10.25	Monthly	£1,000	60 Day pen/notice. 10.60% monthly int.
Century Edinburgh (031 556 1711)	Fxd Rate 2/3 Yrs	10.50	10.50	Annually	£1	12.00% fixed yrs from Apr 1991. No Wds.
	Ordinary Shares	9 00	9.20	Choice	£1	Instant access. No penalties
Chelsea (071-602 0006)	Special Opt Acc.	11.25	11.25	Annually	£25,000	£1,000+10.25 30 dys/imm pen, £10,000 +10.75 Inst acc £25,000 +11.25 Inst Acc
Cheltenham & Gloucester	Cheltenham Gold	10.25	10.25	Yearly	£25,000	Instant access/
(0452) 372372	Cheltenham Gold	10.00	10.00	Yearly	£10,000	Monthly income option
Cheshunt (0992 26261)	Spec 90 Shares	11.80	11.80	Yearly	£50,000	90 days' notice/penalty
	Spec 90 (ex-pat)	15.13	15.13	Yearly	£50,000	90 days' notice/penalty
	Cheshuntcash	10 25	10.25	Yearly	£20,000	Instant access. Tiered account
Coventry (0203 252277)	Moneymaker	9.75	9.75	Yearly	£10,000	Inst acc no pen.
	Moneymaker	9.00	9.00	Yearly	£5,000	Mthly Int. £10,000 - 9.34%
	3 Year Bond	11.30	11.30	Yearly	£40,000	With 90 days' notice or penalty
	3 Year Bond	10.90	10.90	Yearly	£1,000	monthly income option.
	90 Day Option	11.30	11.30	Yearly	£40.000	With 90 days' notice or penalty.
	90 Day Option	10.90	10.90	Yearly	£25,000	Inst acc/no pen. If bal. £5,000+
	90 Day Option	10.50	10.50	Yearly	£10,000	Monthly income option.
	Tessa	14.50	14.50	Yearly	£100	Mthly Int 13.62. 1% bonus before 28/2
Halifax*	90-Day Xtra	12.10G	12.47G	½-yearly	£500	90 days, but
	90-Day Xtra	13.10G	13.53G	½-yearly	£10,000	instant where
	90-Day Xtra	13 75G	14.22G	½-yearly	£25,000	£5,000 remains
	90-Day Xtra	14 40G	14 92G	½-yearly	£50,000	
Hendon (081-202 6384)	*3 months shares*	10 76	11.05	*½ Yearly*	£1,000	*3 months notice 25K + 0.42%*
Lambeth (071 928 1331)	2 Year Term Share	12.00	12.00	Yearly	£500	60 days notice after 1 year and 10 months
Lancastrian (061 643 1021)	Masterplan	10.45	10.45	Yearly	£25,000	Instant access no penalty
	30 Day Notice Acc	11.20	11.20	Yearly	£25,000	w/d per month of £5000 w/d pen
Leamington Spa (0926 450045)	Super 90	10.50	10.50	Yearly	£10,000	90 days notice or penalty
		11.25	11.25	Yearly	£25,000	No penalty on balance £800+
	High Flyer	10.00	10.00	Yearly	£10.000	Inst access
		10.25	10.25	Yearly	£25,000	No penalty
Leeds & Holbeck (0532 459511)	Monthly Interest	11.75	12.40	Monthly	£100,000	6mths initial dep. Then 60 dys not or pen
	Select Notice	11.80	11 80	Yearly	£2,500	12 mths notice. 10% of bal imm.
	Tessa	14.50G	Gross	31/12	£1	No transfer restriction or charge. Loyalty bonus ½% xtr Int. in year 5.
Leeds Permanent 0532 438181	Solid Gold	10.50	10 50	Yearly	£10,000	3mth Tiered rates from £500;£25K+11.0
	Liquid Gold	9 20	9.20	Yearly	£500	Inst acc. No pen. Tiered;£10K +9.95
Marsden (0282 692821)	Rainbow 90	14.66G	14.66G	Yearly	£25,000	90 days notice
	Rainbow 90	14 40G	14.40G	Yearly	£10,000	90 days notice
Mornington (071-485 5575)	Mornington 28	9.95	10.20	½-yearly	£1000	£10K+ imm. -£10K 28d nt/pn.
National & Provincial*	Private Reserve	13.90G	13.90G	Yearly	Tiered	90d 13 90g/13.77g/13.43g/12.77g/12.44g
	Monthly Income Ac	10.58	11.10	Monthly	Tiered	90d 10.58/10.49/10.26/9 80/9.57
	Inst Reserve	10.50	10.50	Yearly	Tiered	Inst 10.50/10.25/10.05/9.90/9.75
	StowAway Bond	13.27G	13.27G	Yearly	£500	*2yr term 0.5% bonus on maturity*
Newcastle (091 2326676)	Nova Plus Special	11.70	15.00G	Annually	£200,000	Instant Access
	Nova Plus	11.00	14.10G	Monthly	£50,000	Instant access. Tiered A/C
	Nova Tax Saver	14.00	14.00G	Yearly	£500	Inst/Acc. Gross to non tax payer.
North of England (091 5656272)	Prestige Monthly	11.00	11.00	Monthly	£50.000	60 days not-pen. Tiered from £5k.
	Tessa	15.00G	-	Yearly	£10	Tax exempt where capital remains 5 years
Northern Rock (091 285 7191)	Current Account	10.75	11.30	Monthly	Tiered	Inst Acc 11.30/10.75/10.20/7.76/6.70
	Moneyspinner Classic	15.00G	11.25	Yearly	£40k	£10K instant acc
		14.40G	10 80	Yearly	£25k	per month. 30 day
		13.60G	10.20	Yearly	£10k	notice/penalty
		12.85G	9.64	Yearly	£500	for remainder.
Norwich & Peterb'gh (0733 371371)	Special 85	10.53	11.06	Choice	£10,000	85 days' notice/penalty
Nottingham (0602 481444)	Hallmark Ninety	15 20G	-	Yearly	£1,000	No not/pen to balance £10K+
Portman (0202 292444)	Monthly Interest	10.45	10.95	Monthly	£20,000	1 months notice
	Fixed Int. Bond	13.00G	13.00G	Maturity	£500	1 year fixed rate
Portsmouth (0705 291291)	60 Day Capital Ac	11.30	11.30	Yearly	£25,000	Min bal of £25,000 for these int rates
Principality (0222 344188)	Monthly Income Ac	14 70G	11.02G	Monthly	£6,000	Gtd. diff. end 1992
Scarborough (0723 368155)	Ninety	10.58	10.58	Yearly	£100,000	90 D not/pen 250+ 9 83 25K+ 10.01 50K+ 10.20 75K+ 10.39
	Excelsior	10.58	10.58	Monthly	£25,000	1 yr term guaranteed 4% diff
Skipton (0756 700500)	Sovereign Shares	14.70G	14 70G	Yearly	£50,000	Instant access. No penalty
	Sovereign Shares	13.00G	13 00G	Yearly	£10,000	Instant access. No penalty
	Skipton Ninety	15.00G	15.00G	Yearly	£50,000	90 days notice or penalty
	Skipton Ninety	14.50G	14.50G	Yearly	£25,000	90 days notice or penalty
	Tessa	15.25G	15.25G	Yearly	£100	4% Bonus
Stroud and Swindon*	Century	11.00	11.00	Yearly	£40,000	90 day notice/penalty
Town and Country (071-353 1476)	Supershares	13.73G	13.73G	Yearly	£25,000	Instant access, tiered rates
	Super 90	11.25	11.25	Yearly	£50,000	90 Days not/pen, instant on £10K+
	Super Tessa	15 00G	15.00G	Yearly	£1	60 days notice
Woolwich	Prime Gold	14.50G		Yearly	£25,000	Instant access
	Prime Gold	13.75G		Yearly	£10,000	Choice of passbook or card
	Prime Gold	12.50G		Yearly	£5,000	Monthly interest with passbook option
	Prime Gold	12.20G		Yearly	£500	only - Rates avail on request
	Prime Gold	5.50G		Yearly	£1	Gross to non taxpayers
Yorkshire (0274 734822)	Key 90 Day	11.75	11.75	Yearly	£20,000	90 days notice/penalty
	Key 90 Day	11.00	11.00	Yearly	£10,000	90 days notice/penalty
	Platinum Key	10.60	10 60	Yearly	£25,000	Instant access - 10,000 minimum
	Platinum Key	10.10	10.10	Yearly	£10,000	Instant access - 10,000 minimum
	Platinum Key	9.85	9.85	Yearly	£500	*60 days notice/penalty*
	Golden Key	10.25	10.25	Yearly	£25,000	Instant access
	Golden Key	10.00	10 00	Yearly	£10,000	Instant access
	Golden Key	9.50	9.50	Yearly	£5.000	Instant access
	Golden Key	9 25	9 25	Yearly	£1,000	Instant access

*For telephone see local directory. CAR = Annual yield after interest compounded ¶G = Gross 23/2

UK COMPANY NEWS

GrandMet and Foster's reach pub-swap agreement

By Philip Rawstorne

GRAND Metropolitan, the food, drinks and retailing group, yesterday announced that it had reached agreement with Foster's Brewing of Australia on revisions to the breweries-for-pubs swap with its UK subsidiary, Courage.

The value of the deal, estimated at £2.8bn when first proposed nearly a year ago, has been reduced to £2.36bn by the slide since then in the property market.

But it is by far the most substantial response yet to the efforts of the Monopolies and Mergers Commission to inject more competition into the industry and it will have a wide-reaching impact.

The revised agreement published yesterday reflects the Office of Fair Trading's moves to shorten the periods of Courage's exclusive beer supply contracts with GrandMet's managed pubs and the jointly-owned Inntrepreneur estate in which GrandMet will merge the rest of its pubs with those of Courage.

GrandMet will sell its UK brewing business – four breweries with such beer brands as Webster's and Ruddles – to Courage for £316m but will repay £55m when the four-year supply contract to GrandMet's 1,540 managed pubs expires.

Courage will supply the Inntrepreneur pubs exclusively for seven years. This estate will initially comprise the remainder of the partners' 8,450 leased pubs but more than 1,100 of them will be sold within the next two years. GrandMet will manage the estate.

Completion of the deal, for which bank loans of £1.46m are being arranged by Barclays, Citicorp, NatWest and SG Warburg, is expected next month.

GrandMet will receive some £600m cash from the sale of its breweries and the formation of the Inntrepreneur estate. This will reduce the group's gearing by 15 per cent to around 70 per cent. Sir Allen Sheppard, GrandMet chairman and chief executive, said last night: "This important transaction enables us to apply our property management skills to an enlarged pub estate and to enhance the strength of our UK retailing activities."

The group's brewing operations contributed only 6 per cent of trading profits last year and had limited prospects for international development.

But with their acquisition, Courage will become the second largest UK brewer with an initial market share of around 20 per cent and poised to mount a challenge to Bass, the industry leader.

Apart from its ale brands, GrandMet intends to transfer to Courage its licences to brew Carlsberg, Holsten and Budweiser lagers in the UK if their owners consent.

But they may prefer to seek other arrangements because of conflicts of interest with Courage's Foster's and Miller's lagers.

Brent Walker still in talks with bankers

By Maggie Urry

BRENT Walker, the heavily-borrowed leisure group, yesterday responded to market rumours and a slipping share price by issuing a brief statement.

The shares, which had fallen to 45½p before the announcement, recovered to close at 49p, a net fall of 2p on the day. At the closing price the group's market value is £24.5m.

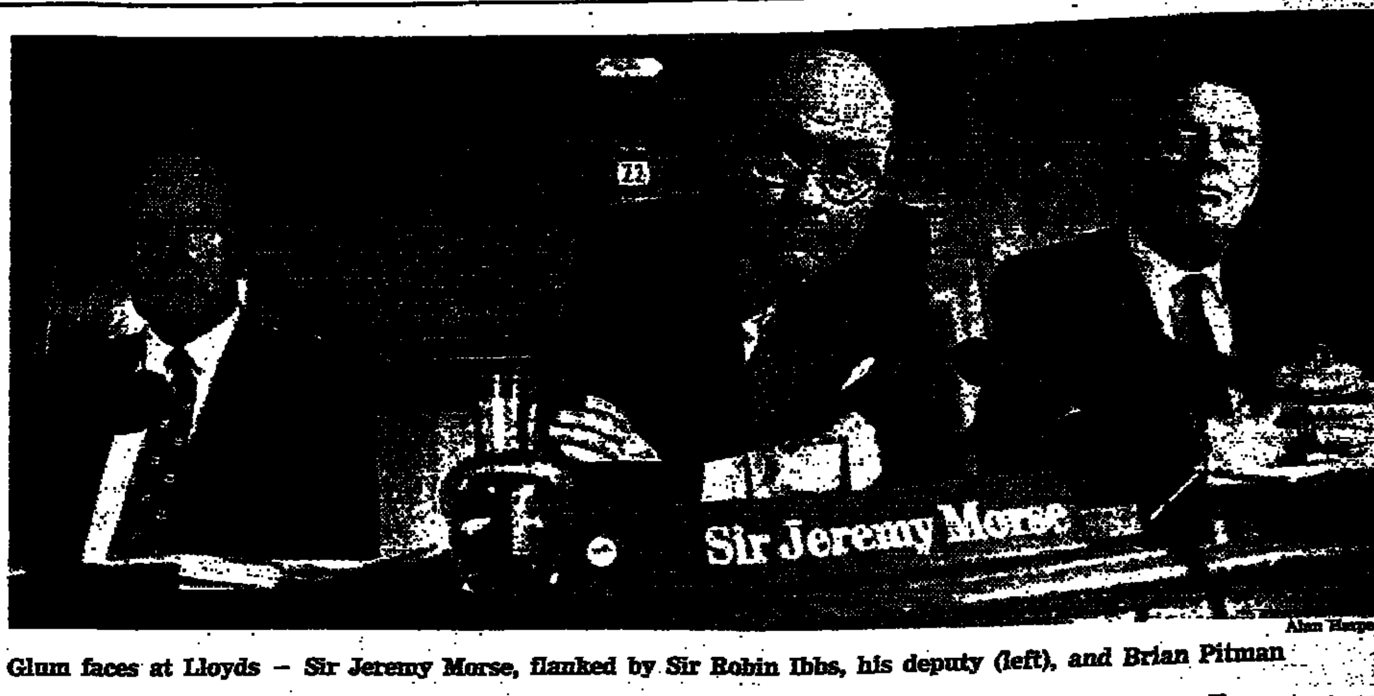
The statement said that the group was still in discussions with its bankers, following the signing of a standstill agreement last November, regarding the restructuring of its debt.

In January the High Court ruled against Brent Walker in a £50m dispute between the company and Grand Metropolitan, the drinks, food and retailing group, and that sum has been included in the talks. GrandMet said yesterday that it had not yet received the £50m but that interest was being added.

Analysts pointed out that there was no new information in the statement and no indication of how the group is trading. "The bankers have the whip hand," said one. But the statement seemed to have calmed fears that the company was about to reveal bad news. The results for the year ended December are not expected for some weeks.

The group, where Mr George Walker is chief executive, went through a traumatic refinancing last autumn when its debt levels reached £1.4bn. Its banks came to a standstill agreement in November, but said that a further restructuring of debt was needed to bring the group's borrowings into line with its longer-term needs.

Accountants Touche Ross have been working on a report of the group's business which will form the basis of the reorganisation of Brent Walker's debt. The debt restructuring is expected to be finalised at the end of March or early April.



Alan Harper

Glum faces at Lloyds – Sir Jeremy Morse, flanked by Sir Robin Ibbs, his deputy (left), and Brian Pitman

Lloyds Bank £591m back in the black

By David Lascelles, Banking Editor

LLOYDS BANK's 1990 pre-tax profit of £591m marked a return from a loss of £715m in 1989 when the result was hit by Third World debt provisions.

Profit after tax and minorities amounted to £292m (loss £586m). An extraordinary £118m gain on the sale of subsidiaries, mainly the Yorkshire Bank, put the profit attributable to shareholders at £410m (loss of £586m), equivalent to 24p (losses 48p) per share.

A final dividend of 10.3p raises the total by 15 per cent to 15.3p with a cover of 1.5 times.

Sir Jeremy Morse, chairman, said profits did not recover as strongly as hoped in 1990. Trading conditions were worse than expected, particularly in the UK, and were not likely to improve greatly this year. But he said the group was continuing to invest for the future, and its underlying strength justified the dividend increase.

The main drag on earnings was a more than doubling of provisions (excluding Third World) from £345m in 1989 to £799m mainly because of the impact of recession in the UK. The group also wrote down the value of its UK properties by £208m to reflect the slump in property values. However, this was partially offset by a £125m currency gain from existing provisions on Third World debt.

Heavy provisions and a loss on credit card operations meant that UK retail banking's contribution was only £168m, down from £591m the year before. Corporate banking and treasury made a loss of £8m (from a profit of £125m), partly because of a sharp reduction in foreign exchange trading income due to slack markets. Private banking and financial services earned £67m (up from £63m). International banking recovered from a loss of £17m to a profit of £41m. Lloyds Merchant Bank earned £10m (£13m). However, the major overall contributor was Lloyds Abbey Life, the 60 per cent-owned financial services arm, where profits increased from £294m to £319m.

The group's operating expenses rose five per cent, but staff are being reduced to cut costs. Mr Brian Pitman, the chief executive, said the bank had shed 4,000 jobs last year and a further 1,000 in the first two months of this year.

He said that a major development last year was the reduction of competition in the banking markets, partly due to the withdrawal of Japanese and American banks. This had enabled the bank to record its first widening of margins for several years. The group net interest margin increased from 4.05 per cent to 4.29 per cent, with much of the gain coming in the second half of the year.

Mr Pitman saw fundamental improvements arising in banking as lending capacity shrank but demand for finance continued to rise. He also said Lloyds had benefited from a flight to quality in recent months with an inflow of relatively cheap deposits.

The group's total risk asset ratio, the key measure of strength, was 8.5 per cent – slightly above the internationally agreed minimum. Sir Jeremy said this was lower than Lloyds would wish. But the group was fundamentally sound.

Austrians seek large holding in Telfos but no bid planned

By Andrew Bolger

THE AUSTRIAN engineering group Jenbacher Werke said last night it wished to take a significant stake in Telfos Holdings, the UK engineering group which recently narrowly escaped being taken over.

William Cook, the UK steel castings group, withdrew a £38m offer for Telfos earlier this month.

Telfos shares had collapsed after its auditors presented a damning draft report on its financial status.

Jenbacher said last night that after talks with Telfos it had decided that the Austrian group should support Telfos by a cash subscription of an undisclosed amount for new shares in the UK group which would leave Jenbacher owning up to 29.2 per cent of Telfos's enlarged capital.

The Austrain group said it did not at present intend to make a full takeover bid for Telfos, although in the event of a third party making such a bid, it reserved the right to do so.

It said its proposal was subject to further negotiation with Telfos and the provision of audited accounts by the UK group for the year 19901.

Jenbacher said that following the losses incurred by Telfos on its non-core activities, it believed the UK group had been denied the financial resources to develop satisfactorily its core business of making railway rolling stock. As a result of the proposed cash subscription, Telfos would receive sufficient funds to achieve its expansion plans and would be in a position to continue as an independent UK company.

Jenbacher would seek minority representation on the Telfos board and would also offer management support for Telfos's operations in Austria and Hungary. It felt such an association could represent a powerful new force in the European railway industry.

The Jenbacher announcement emerged after Telfos's shares had closed down 3p at 85p, giving the UK group a market value of £27m.

Ladbroke pulls out of Dutch racing

Ladbroke Racing, part of the Ladbroke Group, announced that it was ceasing to provide services to Dutch racing.

The company said that it intended to exercise its option to terminate its contract under which it provides services through 75 betting shops and at seven trotting courses in the Netherlands.

The move was foreshadowed a year ago when the company made it known that it was initiating discussions with the Dutch government and the NDR, the governing body for galloping and trotting.

Linread 37% lower after stock provisions and errors

By Paul Cheeseright, Midlands Correspondent

LINREAD, the Birmingham-based precision components and fasteners manufacturer, in an early announcement of its annual figures, yesterday said that a shortfall in the value of its stocks and an increased provision against slow-moving stock were the principal causes of a 37 per cent drop in pre-tax profits.

An end-year stocktake in the commercial products division, which largely supplies the automotive sector, found that stocks the group thought it had, it did not have.

There was a shortfall of £770,000 against the book value of the stock.

At the same time poor market conditions led Linread to increase by £540,000 the provision against the carrying value of slow moving stock and overdue debts.

Pre-tax profits for 1990 fell from £3.32m to £2.08m on turnover of £42.73m (£39.46m) with earnings per share of 11.07p (17.87p).

The shares fell by 7p to 100p.

The stocks problem arose because incorrect data was fed into the divisional computer. "Garbage in and garbage out", as Mr Hughes put it.

Realisation of the error and a subsequent investigation by Coopers & Lybrand Deloitte, the group's auditors, exposed the poor performance of the commercial products division, which had been troublesome for some years.

Mr Hughes attributed the difficulty largely to management problems.

Linread is viewing 1991 with caution. It has a healthy orderbook from aerospace customers but demand from the automotive industry is lower.

A proposed final dividend of 3.7p brings total payments to an unchanged 5.7p.

Lending on bricks and mortar appears to be safe as houses

David Barchard reports on the success of the building societies in a depressed housing finance market

MR Andrew Longhurst, chief executive of Cheltenham & Gloucester Building Society, might be forgiven for being in an unusually sunny mood this week as he announced his society's 1990 results.

The housing finance market may have been in the dumps for many months but the building society industry, as typified by C&G, has rarely looked healthier.

In contrast, yesterday's takeover of Leamington Spa lumped that unfortunate building society in the company of other types of retail financial institutions, such as Lloyds Bank, the balance sheets of which have been scarred by record provisions.

At C&G, except for the occasional blot on its record such as a £750,000 loss on estate agency operations, the news all seems good.

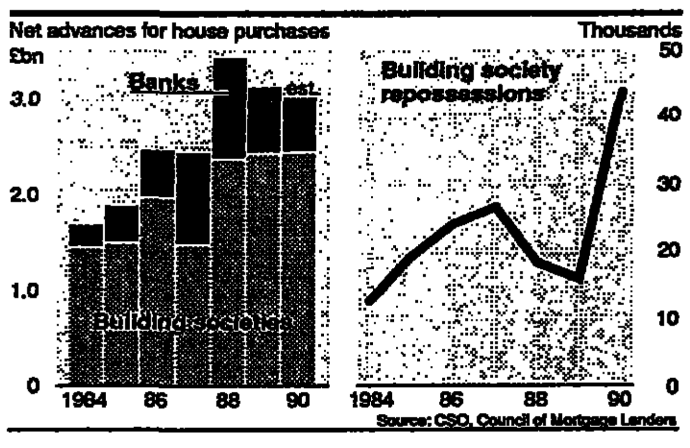
Total assets improved by 59 per cent from £7.27bn in 1989 to £11.57bn last year. The society now has a 3 per cent share of all UK mortgage lending. Most satisfying of all, C&G has enjoyed a seemingly irresistible rise in the building society league table over the last three years, pushing its way from number ten to number six.

While Mr Longhurst was enjoying his hour of triumph in London on Thursday, a mile away at the Building Societies Commission, the industry watch-dog, the finishing touches were being put to a heads of agreement by the five largest building societies for standby liquidity support for Leamington Spa, the 20th largest society by assets.

Though Mr Cameron Scott, the newly appointed chief executive of Leamington Spa, strongly denies that a rescue is involved, his society is folding its tents after a life of 153 years and will shortly disappear in a merger with Bradford & Bingley.

But Leamington Spa's misfortunes are not typical of the industry. Mr Longhurst and the soaring fortunes of C&G are probably somewhat more representative. Its success rests on a dynamic but sturdy combination of management strategies, the key features of which appear to be:

- Rigid control of costs. C&G's ratio for management expenses to total assets was already the lowest of any large society at 30 per cent in 1989 and fell again last year.
- The development of new products inside the society's areas of specialist advantage such as postal savings accounts rather than unfamiliar innovations.
- Extreme caution on lending and attention to keeping possible losses well insured.



Source: CSO, Council of Mortgage Lenders

Leamington Spa by contrast is expected to go down in building society history as one of the very few societies ever to record a loss, likely to be £2m after making provisions of £21m. This week no one in the building society industry was able to recall just when a society last went into the red.

Leamington Spa's misfortunes are the more striking because other societies reporting their results so far have enjoyed a strong upturn in their profits.

Leeds Permanent, the fifth largest society, reported a 23 per cent profits jump, though its results may not be strictly comparable as its financial year ends in September.

Northern Rock, the 13th largest society, also pushed up its profits by 23 per cent in the year ending in December, while the smaller Cheshire Building Society was up 22 per cent.

Not all societies will show such resilience. Many have been concentrating less on profits growth than on building up market share and trying to squeeze other competitors out of the housing finance market.

To some extent the strategy has been successful. About two dozen small newer mortgage lenders, mostly foreign banks, quietly put their mortgage portfolios on the market in the second half of 1990.

Halifax, the industry giant, has pushed its share of the UK mortgage market up to 20 per cent and claims to have 45 per cent share of the first-time buyer market at the moment. Despite the push for market share its 1990 profits are expected by analysts still to be more than 5 per cent above 1989 levels when they are announced next month.

Leamington Spa is not alone in having had to make provisions against losses. All societies, including the industry's stars such as C&G, are having to do it. During 1990 C&G incurred direct losses from arrears and repossessions of £1.3m and was forced to make further provisions of £15.9m.

Its total charge to accounts included £7.7m from weaker societies which it had mopped up, sometimes in shotgun marriages arranged, like the Bradford & BingleyLeamington Spa merger, at the behest of the Building Societies Commission.

But in a depressed market, building societies are at an advantage.

"Building societies are less vulnerable to the downturn in the economy than the banks because we are not exposed toanything like the same degree to the corporate sector." says Mr Tim Melville-Ross, chief executive of Nationwide, the second largest society. Last year however, the housing market and losses on commercial property forced it to put aside £65m.

Mr Melville-Ross points out that this figure is relatively modest compared with mortgage assets of £22bn.

Two large societies, Alliance & Leicester and National & Provincial, are believed to be preparing provisions, possibly as large as £45m and £30m, partly resulting from commercial property lending.

Even so, the experience of N&P and Alliance & Leicester suggests that building societies can afford to take serious hits on new business arrears, provided that their mainstream mortgage business is being properly managed.

The real threat to building societies comes from pressure on their margins. In fighting for market share over the last three years, the societies have seen its judgement vindicated on how far to allow margins to be squeezed.

Five years ago, building societies appeared to be dinosaurs, heading for extinction in a hostile market environment. Now societies like Halifax and C&G look well placed to take advantage of the transformed retail banking markets of the middle and later 1990s.

Telecomputing to acquire Gresham in all-share deal

By Michiyo Nakamoto

TELECOMPUTING, the USM-quoted computer services company, is to acquire Gresham, a much larger Southampton-based company in the same field of business, in an all-share deal.

Details of the agreed offer were not revealed pending the report to the Stock Exchange and a circular being sent to Telecomputing shareholders.

Mr Digby Hardy, a Telecomputing director, said that the acquisition would help the company to take advantage of opportunities in the expanding computer software market.

In terms of turnover, with sales of about £9m a year, Gresham is significantly larger than the company absorbing it.

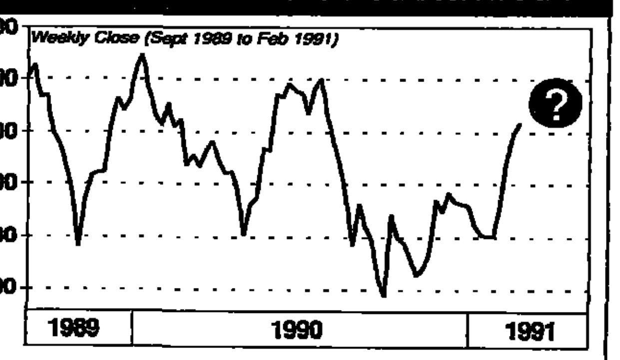
Yesterday Telecomputing simultaneously announced a pre-tax loss of £103,000 (£770,000 loss) for the year to September 30. Turnover fell to £2.1m (£2.5m) and the loss per share was 1.99p (16.47p loss).

There was an extraordinary item of £213,000 relating to legal proceedings against the company's former chairman and chief executive.

Telecomputing's shares were suspended yesterday at 11p.

FTSE-100 INDEX

Can these levels be sustained?



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NEWS DIGEST

Shepherd Neame buys Bass pubs

BASS, the UK's leading brewer, yesterday sold 10 pubs for £2.25m to Shepherd Neame, the independent Kent brewer, to bring the total of pubs it has sold since July 1989 to more than 250.

In the current year, the sale of 111 pubs for a total £21.3m has been either completed or contracted. Most sales have been to individual tenants.

Bass, which has to sell or lease 2,680 pubs from its estate of 7,200 by November next year to comply with government orders to free them from exclusive beer supplies, has agreed terms on a further 400 pubs, mainly with sitting tenants.

The pubs sold yesterday – seven in Kent and three in Sussex – bring Shepherd Neame's estate in the south east of England to 306.

Last July it bought 33 pubs from Ind Coope, an Allied-Lyons subsidiary, for £5.85m.

Merlin Intl Green net asset value 83.2p

Merlin International Green Investment Trust, which came to the market in December 1989, had a net asset value of 83.2p at December 31 1990.

A final dividend of 1.5p is proposed which together with a special inaugural payment of 1.25p, makes 4.25p for the year.

Assets downturn at Baillie Gifford Shin

Net asset value per ordinary share of Baillie Gifford Shin Nippon fell from 164.2p to 121p over the year to January 31 1991.

Net profits for the 12 months worked through at £93,968 (losses £143,089) and earnings per share at 0.59p (losses 0.89p). Gross investment income improved from £153,521 to £431,910.

MMI improves to £317,000

MMI, the financial marketing company traded on the USM, returned profits of £316,845 pretax from a turnover of £1.45m for the 1990 year. The figures compare with £300,604 and £2.21m respectively for 1989.

Increased profitability on lower turnover reflected the company's strategy of concentrating resources on high quality financial marketing contracts.

Earnings emerged at 2.31p (2.58p) and a proposed final dividend of 1p makes a 1.25p (1p) total. A bonus issue of warrants is also proposed on the basis of one warrant for every five ordinary shares held. The warrants will confer the right to subscribe for ordinary shares at 30p each on April 30 in any of the years 1992 to 2000.

Casket's Comfy sale raises £1.93m

Casket has completed its withdrawal from the household textile market with the £1.93m sale of Comfy Quilts and Textiles. The proceeds will be used to cut borrowings.

Comfy reported an operating loss of £704,000 on turnover of £5.73m in the nine months to December 31. At the end of the period the book value of the assets being sold was £4.97m.

In the six months to the end of September 1990 the company showed pre-tax profits of £27,000.

Texan acquisition for Richmond Oil

Richmond Oil & Gas has acquired Lone Star Royalty Corporation of Texas, for 600,000 Richmond ordinary shares.

In the period to March 31 1990 Lone star owned small mineral and royalty interests in about 346 wells in Texas with revenues of about $15,000 (£7,600) a month. It has a data base relating to some 100,000 mineral and royalty owners and 7,500 properties.

For the nine months to December 1990 Lone Star's gross income was $217,466 and it made royalty acquisitions of $370,000 which will provide additional gross royalties of about $125,000 a year.

F&C Enterprise net asset value lower

F&C Enterprise Trust had a net asset value of 43.9p at December 31 against 45.3p a year earlier and 48.6p at end-June 1990.

Net revenue for the year improved from £151,000 to £178,000 for earnings per share ahead to 0.21p (0.17p). A single final dividend of 0.2p (0.16p) is recommended.

Net asset value falls at IT of Guernsey

Net asset value per share of the Investment Trust of Guernsey stood at 51.3p at end-December 1990 compared with 61.3p a year earlier.

A final dividend of 1.65p gross (1.5p) is recommended for a 2.35p gross total (2.125p). Earnings per share improved from 1.72p to 1.94p.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	–	95	58	‡Eidos 10p	58		–	–	–	–
–	F.P.	–	18	16	‡Europe Energy 5p	16		–	–	–	–
–	F.P.	–	3825	3475	Eurotunnel Fndr. Wrrnts.	3500		–	–	–	–
–	F.P.	–	120	90	JF Pacific (New Wrrnts)	120		–	–	–	–
50	F.P.	–	45	43	Trio Inv. Tst.	44		–	–	–	–
–	F.P.	–	9	6	Do. Warrants	7		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	78	
100p	F.P.	-	107p	105p	Brit. Land 8⅝pc Cnv. Cap. Bds. 2011	106p	
100p	F.P.	-	105p	93p	Everal 7.25p (Net) Cnv. Red. Prf.	105p	
‡	P/P	29/11	38p	30p	‡Greenacre Group Cv. Rd. Prf. 70p	30p	
35	-	-	34½	29½	Grovewood Securities 8pc Cv Ln 2000	34½	+1
100p	F.P	-	104p	96p	IT Group 10¾pc Cnv. Red. Prf. 1997	104p	+2
100p	F.P.	-	110p	97p	Worcester Cm Rd Cv Pf	110p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
15	Nil	–	2pm	2pm	‡Europe Energy 5p	2pm	
12½	Nil	–	1¼pm	1¼pm	Ptarmigan	1¼pm	

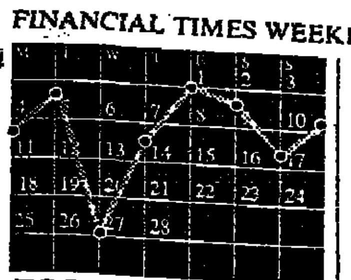
a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ◆ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 18
- Last Dealings March 1
- Last Declarations May 30
- For settlement June 10

For rate indications see end of London Share Service

Calls in BTR warrants '93/94, Ford Seller Morris, Berisford Intl., McCarthy & Stone, Next, Oliver Res., Pilkington warrants, Saatchi & Saatchi, Racal Elects., Securiguard, Stakis, Tuskar Res. and H. Young. Puts in Tranwood and H. Young. Put and call in Tranwood.



ECONOMIC DIARY

TODAY: Christie's first sale of rare motorcycles.

TOMORROW: Major Western donors pledging session for aid to the Philippines opens, Hong Kong (until February 26).

MONDAY: EC economy and finance ministers hold ECOFIN council; also convene as inter-governmental conference on economic and monetary union; agenda includes final decision on releasing first tranche of new loan to Greece; meeting *in Brussels* may continue second day. Warsaw Pact meeting in Budapest to discuss winding up military side by April 1 and future as political consultative organisation. Two-day conference opens in Lisbon on European economic and monetary union, several Portuguese ministers speak. CBI monthly trends enquiry for February. Balance of payments current account and overseas trade figures for November. *Fourth round* of talks between prime ministers of North and South Korea opens, Pyongyang (until February 28). Publication of Woolf report into prison disturbances.

TUESDAY: Financial Times two-day conference opens on cable television and satellite broadcasting, London. Parliamentary advisory council for transport safety's conference on pilot error, London. British Aerospace results.

WEDNESDAY: Comecon summit called to wind up trade group (until February 28), Budapest. Two-day symposium opens in Tokyo on Pacific energy co-operation. Building societies publish monthly figures for January. Mr John Gummer, agriculture minister, opens tenth European agricultural two-day conference, London. Details revealed of £1bn east coast road plan.

THURSDAY: Chancellor Kohl meets state premiers on east German finance plan, Bonn. Department of Transport issues figures for new vehicle registrations in January. Energy trends for December. National Economic Development Office amber alert conference on transport congestion, London. ICI annual results.

FRIDAY: Efta ministers meet to discuss relations with EC and Eastern Europe, Geneva.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Feb 22 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%)	Est P/E Ratio (Net)	xd adj. 1991 to date	Thu Feb 21 Index No	Wed Feb 20 Index No	Tue Feb 19 Index No	Year ago (approx) Index No	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (187)	804.19	+0.3	13.30	5.97	9.16	0.67	802.04	797.02	802.40	841.00	960.80 4/1/90	658.43 24/9/90	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (25)	1106.03	+0.4	12.98	5.49	9.49	0.45	1102.17	1094.32	1108.72	1018.06	1188.21 3/1/90	812.99 20/9/90	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (31)	1252.47	+0.5	14.34	6.24	9.05	1.46	1246.27	1235.99	1242.50	1416.57	1621.44 4/1/90	993.11 24/9/90	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2181.16	+0.8	12.95	6.12	9.45	0.80	2164.85	2168.63	2196.20	2350.40	2751.15 4/1/90	1762.48 2/11/90	3040.80 8/9/89	84.71 25/6/62
5	Electronics (25)	1769.52	-0.9	8.98	5.06	14.84	1.10	1786.18	1760.90	1759.94	1866.49	2044.72 9/1/90	1478.08 16/1/91	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	411.77	+0.7	16.29	5.93	7.37	0.86	408.87	406.39	409.75	410.05	502.42 13/6/90	380.48 16/1/91	502.42 13/6/90	380.48 16/1/91
7	Engineering-General (47)	402.86	+1.0	14.50	6.38	8.31	1.15	398.73	396.50	398.66	453.02	505.10 15/6/90	339.57 23/1/91	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (8)	441.98	-0.6	20.64	7.79	5.98	0.00	444.45	440.89	443.30	460.50	515.57 4/1/90	381.44 16/1/91	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	323.25	+0.3	15.41	7.44	7.56	0.00	322.34	318.05	323.00	349.96	403.90 4/1/90	260.41 24/9/90	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (20)	1403.23	+0.4	12.02	5.79	9.62	0.71	1397.17	1396.65	1401.20	1518.60	1774.64 3/1/90	1103.89 1/11/90	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (182)	1323.33	+0.3	9.12	3.94	13.62	2.72	1320.00	1312.05	1323.25	1215.78	1357.03 3/1/90	1121.42 24/9/90	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1663.74	+0.2	9.63	3.75	12.79	7.47	1661.02	1651.66	1665.99	1418.20	1668.71 14/2/91	1369.31 6/3/90	1668.71 14/2/91	69.47 13/12/74
25	Food Manufacturing (20)	1120.43	-0.1	10.26	4.29	12.00	1.66	1121.92	1122.88	1124.31	1044.02	1184.41 3/1/90	959.38 24/9/90	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2502.20	+0.3	8.46	3.10	15.46	3.15	2494.73	2450.14	2454.53	2233.00	2617.14 27/7/90	2188.04 30/4/90	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (21)	2804.91	-0.1	6.40	2.73	18.54	0.47	2807.02	2814.06	2855.64	2388.19	2855.64 19/2/91	2166.10 24/8/90	2855.64 19/2/91	175.38 28/5/80
29	Hotels and Leisure (22)	1288.65	+0.7	10.60	5.32	11.20	0.86	1279.07	1242.89	1258.42	1506.91	1717.22 9/1/90	1066.91 25/1/91	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1301.83	+0.6	11.22	5.28	11.25	7.81	1294.17	1291.03	1305.58	0.00	1305.58 19/2/91	1166.91 16/1/91	1305.58 19/2/91	1166.91 16/1/91
31	Packaging & Paper (11)	587.27	+0.3	8.96	5.85	13.68	0.30	585.79	590.24	597.92	557.85	625.01 17/7/90	470.91 28/9/90	739.48 16/7/87	45.46 6/1/75
34	Stores (34)	847.98	+0.9	10.02	4.31	12.99	1.67	840.30	831.88	836.39	770.06	866.32 13/6/90	690.43 27/4/90	1160.58 29/7/87	52.63 6/1/75
35	Textiles (11)	448.29	-1.5	12.82	7.85	10.00	0.50	455.08	453.74	460.11	496.16	554.37 4/1/90	388.59 24/9/90	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (111)	1115.90	+0.2	11.56	5.37	10.46	2.51	1114.06	1102.54	1108.01	1144.16	1233.52 3/1/90	932.53 24/9/90	1233.52 3/1/90	58.63 6/1/75
41	Business Services (12)	1050.14	+0.8	11.90	5.14	10.21	0.00	1041.47	1021.96	1011.68	0.00	1050.14 22/2/91	892.28 1/2/91	1050.14 22/2/91	892.28 1/2/91
42	Chemicals (21)	1203.61	....	11.81	5.93	9.99	0.63	1203.30	1194.69	1208.87	1154.57	1335.87 14/6/90	940.57 24/9/90	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1450.10	+0.3	11.84	7.11	10.07	6.83	1445.69	1424.64	1426.59	1564.84	1722.31 14/6/90	1200.88 12/11/90	1819.46 11/8/89	975.19 10/11/87
44	Transport (15)	2029.79	+0.1	12.88	5.01	9.58	1.78	2028.07	2013.04	2026.58	2247.22	2458.00 4/1/90	1730.87 23/1/91	2554.69 12/7/89	90.80 29/6/62
45	Electricity (12)	1118.82	-0.6	11.02	6.29	10.95	0.00	1125.50	1122.94	1133.19	0.00	1151.21 18/2/91	994.96 7/1/91	1151.21 18/2/91	994.96 7/1/91
46	Telephone Networks (3)	1254.38	+0.5	10.66	4.03	12.20	0.00	1248.28	1227.51	1236.41	1201.74	1290.72 3/1/90	1017.41 26/9/90	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	2411.71	-0.9	14.06	5.81	7.95	39.69	2432.77	2423.53	2406.14	2038.58	2474.59 5/2/91	1820.20 1/5/90	2474.59 5/2/91	1820.20 1/5/90
48	Miscellaneous (27)	1775.36	+0.3	10.62	5.10	10.97	1.22	1769.76	1761.18	1771.56	1810.42	1981.35 3/1/90	1445.37 24/9/90	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (480)	1134.72	+0.2	10.76	4.81	11.38	2.11	1132.14	1123.71	1131.62	1112.64	1234.94 3/1/90	950.55 24/9/90	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (20)	2262.41	+0.1	11.45	5.87	11.44	7.42	2259.21	2259.61	2267.93	2340.04	2528.70 3/8/90	2101.45 21/1/91	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1229.77	+0.2	10.85	4.96	11.39	2.52	1227.12	1219.24	1227.27	1214.45	1338.65 3/1/90	1068.52 28/9/90	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (98)	771.08	-0.5	–	6.21	–	1.00	774.62	767.97	770.05	809.04	869.67 3/1/90	621.68 24/9/90	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	814.77	-1.5	18.83	7.22	6.94	1.61	827.57	819.44	818.58	864.75	918.30 2/2/90	650.43 24/9/90	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1414.03	+0.7	–	5.43	–	0.00	1404.17	1398.01	1394.43	1329.83	1519.19 29/6/90	1220.17 1/5/90	1519.19 29/6/90	44.86 2/1/75
66	Insurance (Composite) (6)	690.10	+0.7	–	6.20	–	0.00	685.22	681.20	680.86	682.79	763.09 2/1/90	526.46 24/9/90	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	1030.61	-1.3	7.17	6.25	18.26	2.15	1044.41	1061.04	1080.04	1093.01	1194.74 4/1/90	757.70 24/9/90	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	401.43	+0.8	–	5.08	–	0.00	398.08	394.53	393.18	490.23	502.02 8/2/90	319.38 24/9/90	547.59 12/10/87	31.21 7/1/75
69	Property (41)	1009.20	-0.3	6.58	4.66	20.83	0.90	1011.89	994.36	1014.16	1114.16	1242.53 4/1/90	834.72 24/9/90	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (20)	273.66	..	9.18	6.58	13.76	1.60	273.57	270.83	268.19	318.84	350.59 4/1/90	233.78 1/10/90	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1102.85	+0.5	–	3.69	–	1.24	1097.73	1099.20	1110.74	1139.45	1323.81 4/1/90	947.19 16/1/91	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (667)	1117.02	+0.1	–	5.10	–	2.14	1115.60	1108.34	1115.14	1114.95	1226.83 3/1/90	962.09 24/9/90	1238.57 16/7/87	61.92 13/12/74

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Feb 21	Feb 20	Feb 19	Feb 18	Feb 15	Year ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2314.3	+1.9	2323.5	2307.4	2312.4	2296.8	2312.4	2318.3	2296.9	2236.7	2463.7 3/1/90	1990.2 28/9/90	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 22	Day's change %	Thu Feb 21	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.06	+0.01	121.05	1.88	1.65
2	5-15 years (31)	132.21	-0.02	132.24	1.56	2.69
3	Over 15 years (8)	141.36	....	141.36	2.84	1.08
4	Irredeemables (6)	156.37	-0.21	156.70	3.45	0.00
5	All stocks (73)	131.10	-0.01	131.12	1.82	2.20
	Index-Linked					
6	Up to 5 years (2)	158.36	-0.03	158.41	0.19	1.03
7	Over 5 years (10)	144.78	-0.19	145.05	0.49	0.89
8	All stocks (12)	145.68	-0.17	145.93	0.47	0.90
9	Debs & Loans (54)	110.49	+0.17	110.30	3.06	0.68

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 22	Thu Feb 21	Year ago (approx.)	1990/91 High	1990/91 Low
	British Government						
1	Low	5 years	9.26	9.24	10.92	12.36 2/5/90	9.23 19/2/91
2	Coupons	15 years	9.55	9.54	10.56	11.94 30/4/90	9.46 19/2/91
3	(0%-7¾%)	25 years	9.71	9.69	10.45	11.85 30/4/90	9.52 2/1/90
4	Medium	5 years	10.09	10.05	12.08	13.58 2/5/90	10.04 20/2/91
5	Coupons	15 years	9.93	9.92	10.95	12.45 27/4/90	9.84 14/2/91
6	(8%-10¾%)	25 years	9.86	9.85	10.56	11.98 27/4/90	9.65 2/1/90
7	High	5 years	10.25	10.22	12.21	13.67 2/5/90	10.20 19/2/91
8	Coupons	15 years	10.06	10.06	11.17	12.76 27/4/90	9.98 14/2/91
9	(11%-)	25 years	9.96	9.96	10.72	12.27 27/4/90	9.78 2/1/90
10	Irredeemables†		9.89	9.86	10.46	11.83 30/4/90	9.66 4/1/90
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.67	3.61	4.36	5.48 20/7/90	3.46 5/10/90
12	Inflation rate 5%	Over 5 yrs.	4.14	4.12	3.97	4.43 17/10/90	3.60 4/1/90
13	Inflation rate 10%	Up to 5 yrs.	2.21	2.13	3.40	4.37 9/7/90	2.13 21/2/91
14	Inflation rate 10%	Over 5 yrs.	3.95	3.92	3.79	4.23 17/10/90	3.43 4/1/90
15	Debs &	5 years	12.10	12.07	13.52	16.70 30/4/90	11.90 20/2/91
16	Loans	15 years	11.72	11.74	12.97	14.48 26/4/90	11.68 20/2/91
17		25 years	11.44	11.46	12.97	13.89 4/5/90	11.44 22/2/91

‡Opening index 2312.3; 9 am 2319.9; 10 am 2319.8; 11 am 2316.0; Noon 2316.1; 1 pm 2312.7; 2 pm 2310.6; 2.30 pm 2308.2; 3 pm 2308.4; 4.10 pm 2312.6; (a) 9.12am (b) 2.42pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*515)	460	67	75	85	4	10	14
	500	37	46	60	12	23	26
	550	11	23	36	33	49	55
ASDA (*134)	120	19	25	27	2½	4	5½
	130	11	18	20	5½	7	10
	140	6	12	15	11	13	15
Brit. Airways (*151)	140	19	20	24	6	11	12
	160	7	10	15	13	21	24
	180	3	-	-	32	-	-
SmKl Beecham A (*681)	600	92	108	125	3	11	14
	650	52	73	92	14	24	29
	700	24	46	64	38	47	52
Boots (*343)	300	52	57	64	1½	5½	7
	330	28	34	44	6	14	16
	360	9½	18	29	22	28	30
B P. (*325)	300	30	38	46	5	10	13
	330	11	21	28	17	23	25
	360	3	9½	-	41	42	-
British Steel (*128)	120	13	16	16½	3	5½	7½
	130	7	9	10½	5½	10½	13
	140	2½	-	-	15	-	-
Bass (*1000)	950	85	108	140	15	27	32
	1000	50	78	107	32	45	55
	1050	25	54	80	60	75	90
C & Wire (*515)	460	72	85	100	5	11	16
	500	42	55	72	14	24	30
	550	14	29	45	40	48	55
Courtaulds (*360)	330	42	47	59	4	9½	13
	360	20	29	40	14	21	24
	390	8	-	-	34	-	-
Com. Union (*519)	460	65	74	80	5½	11	17
	500	32	47	55	16	25	32
	550	9	21	34	47	53	60
GKN (*365)	330	40	47	50	10	13	18
	360	17	30	33	21	24	32
	390	7	-	-	40	-	-
Grand Met (*705)	650	77	100	119	6	15	18
	700	43	67	85	22	34	34
	750	16	43	60	52	62	62
I C I. (*1020)	950	79	104	127	24	33	50
	1000	41	75	90	47	55	72
	1050	21	54	67	79	87	92
Kingfisher (*407)	360	56	65	74	3	9	12
	390	35	47	54	9	17	21
	420	16	27	37	22	30	34
Ladbroke (*267)	240	36	40	48	4	8	12
	260	22	29	37	9½	16	20
	280	12	19	26	19	27	30
Land Secur (*542)	500	57	65	72	4	10	14
	550	23	32	42	19	29	34
M & S (*242)	240	15	21	29	8	13	16
	260	5½	12	-	20	25	-
STC (*323)	300	-	-	-	¼	¼	-
	330	¼	-	-	13	-	-
Sainsbury (*333)	330	20	28	38	10	15	18
	360	6½	14	23	30	32	34
Shell Trans (*461)	460	14	33	40	23	24	30
	500	3½	14	-	57	57	-
Storehouse (*116)	110	15	18	20	5	8	10
	120	6½	11	15	10	14	15
Trafalgar (*225)	220	22	26	34	13	23	27
	240	11½	18	26	24	34	37

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd Biscuits (*371)	360	22	33	40	11	16	19
	390	6½	15	26	30	32	35
Unilever (*712)	700	33	53	75	23	33	37
	750	14	33	50	55	62	67
Ultramar (*317)	300	25	37	43	9	12	15
	330	10	23	28	25	28	30
Option		**Mar**	**May**	**Aug**	**Mar**	**May**	**Aug**
Elec. Prtg (*£1803)	1800	80	130	-	60	90	-
	1550	60	100	-	90	110	-
Eastern Elec (*165)	160	12	18	21	4	7	12
	180	4	8	11	16	17	24
Southern Elec (*171)	160	16	22	-	3½	6	-
	180	5	9	-	13	15	-
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*562)	550	33	50	57	35	41	45
	600	12	27	35	67	75	80
BAA (*397)	390	34	44	55	15	21	27
	420	18	28	40	30	37	42
BAT Inds (*665)	650	45	59	78	24	37	43
	700	22	38	53	55	65	67
BTR (*359)	330	38	50	56	8½	11	17
	360	19	32	37	22	26	28
Brit. Telecom (*306)	300	24	31	37	7½	13	15
	330	8	14	22	25	29	30
Cadbury Sch (*362)	360	20	31	39	19	22	25
	390	8	19	25	40	42	43
Guinness (*798)	750	72	98	113	17	26	30
	800	43	68	83	38	47	52
GEC (*206)	200	19	21	26	7	11	12
	220	7	10	15	17½	22	24
Hanson (*219)	200	29	31	35	4	6½	8
	220	14	19	24	10	14	16
LASMO (*346)	330	33	45	53	14	17	24
	360	18	28	37	28	32	37
Lucas Inds (*156)	140	22	28	34	4	6	8
	160	10	16	20	13	16	18
P & O (*565)	550	38	52	58	27	33	42
	600	16	28	35	60	62	72
Pilkington (*184)	180	19	20	26	9½	17	19
	200	9	13	18	21	29	30
Prudential (*222)	220	13	20	26	11½	14	17
	240	5	11	14½	25	27	29
Racal (*198)	180	29	34	39	6	9	12
	200	17	22	29	13	18	20
R.T.Z (*511)	500	30	47	53	28	33	35
	550	12	25	32	64	65	67
Scot. & New (*390)	390	27	35	45	17	26	27
	420	11	22	32	35	43	45
Tesco (*247)	240	-	-	31	-	-	11
	253	10½	17	-	15	17	-
Thames Water (*293)	280	28	32	36	7	12	15
	300	16	21	25	14	22	23
Option		**Apr**	**Jul**	**Oct**	**Apr**	**Jul**	**Oct**
Fisons (*427)	420	24	40	53	15	20	23
	460	7½	20	33	41	43	44
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*248)	240	11	18	23	6½	11	14
	260	3½	9	13	23	23	24
Amstrad (*68)	60	10½	13	17½	2	4½	5
	70	3¼	8	10½	4½	7½	10

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Barclays (*385)	360	33	38	44	10	17	23
	390	10	21	28	27	32	40
Blue Circle (*257)	240	25	29	36	4½	12	17
	260	10½	17	25	12	22	27
British Gas (*232)	220	16	26	28	2½	5½	9½
	240	5½	14	16	11	14	18
Dixons (*169)	160	14	25	27	4	7	10
	180	4½	13	16	14	17	20
Glaxo (*928)	900	44	83	110	17	32	44
	950	18	55	82	45	54	68
Hawker Sidd (*493)	460	45	55	70	7	38	29
	500	18	35	45	22	40	50
Hillsdown (*207)	200	17	26	32	7	16	20
	220	8	17	24	18	28	30
Lonrho (*222)	220	12	24	27	8	13	16
	240	4	13	18	21	23	27
Midland Bk (*174)	160	18	21	24	7	10½	16
	180	7	12	16	22	24	26
Reuters (*788)	750	55	93	118	21	44	55
	800	28	66	90	50	70	80
R. Royce (*155)	140	18	20	25	3	5½	7
	160	5	9	14	10	17	17
Sears (*93)	90	6	10	11	3½	6½	8
	100	2	5	6½	9	13	15
THF (*256)	240	22	29	34	3½	8	14
	260	8	15	20	10	17	24
Thorn EMI (*680)	650	42	70	75	8	18	30
	700	13	38	44	30	41	56
TSB (*149)	140	12	18	21	2	6	7
	160	2½	7½	9	13	14	16
Vaal Reefs (*552)	50	7	11	13	4	6	8
	60	3½	6½	8½	10	12	14
Wellcome (*496)	460	50	70	88	6	19	23
	500	23	45	63	21	35	40

EURO FT-SE INDEX (*2313)

	2025	2075	2125	2175	2225	2275	2325	2375
CALLS								
Feb	295	245	196	148	98	48	18	4
Mar	315	265	217	170	127	89	56	32
Apr	328	-	235	-	152	-	84	-
Jun	350	-	265	-	189	-	126	-
Sep	386	-	308	-	236	-	122	-
Dec	420	-	345	-	275	-	210	-
PUTS								
Feb	½	½	1½	2	4	9	26	61
Mar	3	5	8	13	20	30	48	74
Apr	9	-	16	-	28	-	60	-
Jun	15	-	27	-	45	-	77	-
Sep	28	-	40	-	64	-	97	-
Dec	30	-	48	-	72	-	110	-

FT-SE INDEX (*2313)

	2000	2050	2100	2150	2200	2250	2300	2350
CALLS								
Feb	319	269	219	169	122	73	31	10
Mar	339	290	242	196	152	112	76	48
Apr	354	307	262	218	176	137	103	75
May	364	320	274	233	193	155	123	95
Jun †	373	-	284	-	205	-	135	-
Dec †	428	-	353	-	286	-	220	-
PUTS								
Feb	½	½	1	1½	2½	4½	13½	43
Mar	3	4½	7	10	15	24	40	65
Apr	8	9	14	19	26	39	55	77
May	12	16	21	27	36	48	65	87
Jun †	13	-	25	-	44	-	74	-
Dec †	28	-	43	-	67	-	100	-

February 22 Total Contracts 23,154
Calls 15,401 Puts 7,753
FT-SE Index Calls 5,590 Puts 1,294
Euro FT-SE Calls 236 Puts 14
*Underlying security price. † Long dated expiry mths

ICELAND

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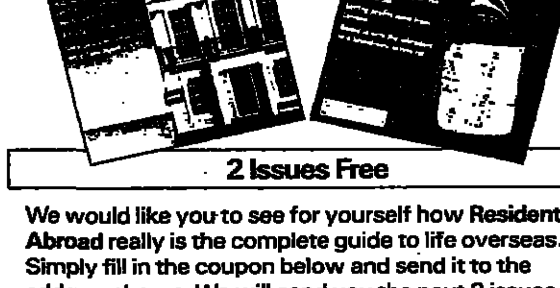

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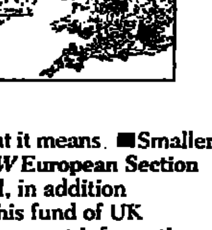

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High crude oil prices help Saga to profits record

By Karen Fossli in Oslo

SAGA PETROLEUM, Norway's largest independent oil company, yesterday announced record profits before extraordinary items, for 1990. Helped by strong crude oil prices and petroleum production, Saga lifted profits before extraordinary items to NKr1.16bn ($200m) from NKr911m a year earlier.

The average crude oil price per barrel in 1990 rose to NKr143 from NKr122 in 1989.

The board has proposed an unchanged dividend of NKr1 per share.

Operating profits soared to NKr1.31bn in 1990 from NKr760m in 1989. Sales of petroleum products and gains on tariffs boosted operating revenue by NKr803m to NKr3.86bn.

Crude oil sales increased by 1m barrels to 17m barrels, but was restricted by production problems at the North Sea Gullfaks field, in which Saga has a 6 per cent stake.

Saga said that if the field had met production targets, the company would have had access to an additional 700,000 to 800,000 barrels of crude oil. The group explained that its investment in Elkem, the troubled Norwegian light metals company, was booked as capital assets at cost because the investment was long-term.

It had widely been expected that Saga would be forced to write off some of the value of its 12.34 per cent stake in Elkem due to its low share price. Last week Elkem announced that it had plunged into a NKr650m net loss for 1990 because of low metal prices.

Saga said it saw "a potential for interesting industrial co-operation" with Elkem, which is a big user of energy. In addition, it had significant expertise in materials and energy technology. However, Mr Asbjoern Larsen, Saga president, refused to be drawn on details of any co-operation.

The company said 60 per cent of the construction work on its Snorre oil field development had been completed. The field is due to come on stream in the latter part of 1992.

The company also submitted a development plan in December for approval by Norwegian authorities for a new oil field, Tordis, and has plans to submit another by May. Tordis is to come on stream in 1994.

Saga participated in 13 exploration wells in 1990, three of which it operated. In all, the company participates in 38 Norwegian production licences and is operator of 14.

In Norway's recent 13th licensing round, Saga was offered three operators' licences, covering four blocks, and shareholdings in four other licences, covering seven blocks.

Schneider prepares to fight for Square D

By Barbara Durr in Chicago

GROUPE Schneider, the French electrical equipment manufacturer, yesterday told Square D Company of Illinois that it was prepared to launch a proxy fight for the company. This week Schneider made an unsolicited bid for the US electrical products group.

In a letter to Mr Jerre Stead – Square D chairman – Mr Didier Pineau-Valencienne, Groupe Schneider chairman, said he wanted to keep Schneider's options open to launch a proxy fight if its merger bid was not accepted.

Schneider delivered a list of its nominees for the Square D board in preparation for the company's annual meeting on April 24.

Yesterday was the last business day before Square D's Sunday deadline for notification of proxy challenges.

Mr Stead said of the letter: "We are puzzled by this action. First, Schneider sends us a supposedly friendly merger proposal; now they propose to replace our board of directors in a proxy fight."

Eleven names were nominated by Schneider for the board.

Mr Pineau-Valencienne said in his letter that Schneider's "intentions are friendly" and he was "open to discussing all aspects of our proposal and I am prepared to meet you at any time to do so". But both companies appear to be gearing up for a battle.

Schneider's $1.9bn merger proposal to Square D on Tuesday follows more than two years of talks between the two companies.

These failed to produce agreement on an alliance, which Square D's board specifically rejected at a meeting in September.

Mr Stead had said that the merger proposal from Schneider, which would bring $78 per share, would be considered "in due course".

Metro drops plan to buy holding in Omni

By William Dullforce in Geneva

METRO INTERNATIONAL, the Swiss finance company of the big German retailing group, said yesterday it had dropped a plan to buy a stake in Omni Holding, the company of Mr Werner Rey.

Metro also said it would not grant the Swiss financier the stand-by credit which formed part of the project.

Metro's withdrawal means Mr Rey will have difficulty in completing the deal, announced last month, in which he was to have sold a controlling stake in Adia, the employment and services group, to Comco Holding, a Swiss subsidiary of Asko Deutsche Kaufhaus, another big German retailer.

At the time, a representative for Mr Rey said the deal would enable Omni to reduce its borrowings and raise equity to finance recent acquisitions. Omni would secure a net cash gain of several hundred million Swiss francs.

As part of the transaction, Omni would have acquired a 48 per cent stake in Comco, while Asko would have reduced its interest in Comco from 90 per cent to 48 per cent.

However, completion of the deal depended on Mr Rey being able to raise bank credits of more than SFr400m ($315m) through a consortium of Swiss banks.

Last week the Bern Cantonal Bank, which was lead-managing the credit, announced it would lend "substantially less than SFr50m" and the consortium appears to have broken up.

The banks' withdrawal came after reports in German-language Swiss newspapers criticising the sale of the 53 per cent stake in Adia to Comco.

One claimed that by selling Adia shares at a price of some SFr1,700 each, when their market price was fluctuating around SFr750, Mr Rey was pulling off a conjuring trick designed to reinforce Omni's balance sheet. Later reports put the price paid by Comco as high as SFr1,800 per share.

Mr Rey turned to Metro, which said on Monday that it was negotiating the purchase of a "substantial" interest in Omni and would extend a stand-by credit to Mr Rey while talks went on.

According to a Zurich newspaper report, which could not be confirmed yesterday, Mr Rey is negotiating the sale of a stake in Omni to Mr Tiny Rowland's Lonrho company. Like Metro, Lonrho has a 10 per cent interest in Asko, the German retailing group which owns Comco.

Princely placement bolsters Citicorp spirits

A $590m equity sale to a prince begins the bank's cash drive, writes Patrick Harverson

SINCE late last year, stories had been circulating among New York's banking community that Citicorp was, in the words of one analyst, "scouring the world" for buyers of more than $1bn of its preferred convertible stock.

The search was the first stage in the bank's ambitious plan to raise $4bn-$5bn in new funds to bolster a capital base battered by bad real estate loans.

Citicorp's struggle to find buyers spelt trouble for the chances of the rest of its plan succeeding.

Therefore, Thursday's announcement that the first tranche of capital, $590m of non-voting preferred convertible, had been sold came as a relief to the beleaguered US banking group. That the buyer was a Saudi prince, who has been quietly building a Citicorp stake since late last year, was deemed less important than the fact that the re-capitalisation programme was finally under way.

"Wall Street will take this well," said Mr Perrin Long, analyst with Lipper Analytical. Mr Long thinks a private placement was probably the cheapest way for the bank to raise additional funds. "If Citicorp had sold the preferred publicly the market might have demanded a better conversion ratio than the prince got," he said.

Although the first tranche of Citicorp's re-funding programme is now out of the way, the task the bank has set itself remains daunting. "It is a first step, but a relatively small one compared with their ultimate needs," said Mr Raphael Soifer, analyst at Brown Brothers Harriman.

John Reed: will have to look elsewhere for the remaining $3bn-$4bn

Buyers of at least another $400m-$800m in convertible stock still have to be found. The bulk of the remaining $3bn-$4bn that Mr John Reed, Citicorp's chairman, has said he needs will have to come from elsewhere: probably from asset sales, further stock issues and residual earnings.

Asset sales could prove the most profitable route to re-capitalisation and analysts say that part of the bank's lucrative credit card interests has been lined up for sale. "It is difficult to see how they can raise the kind of money they need without selling profitable pieces of the bank, and the credit card business is clearly the most profitable they have," said Raphael Soifer.

The involvement with Citicorp of Prince Alwaleed Bin Talal, the Saudi business executive who bought the convertible, stretches back 10 years. But the bank-customer relationship took a new turn in autumn when he began buying Citicorp shares on the open market. Concern about the parlous state of the US banking system had pushed bank stocks to historically low levels, allowing the prince to pick most of his initial 4.9 per cent holding for an average of $13 a share.

That Prince Alwaleed can convert his newly-acquired convertible stock or common Citicorp stock at $16 a share after October 1991, suggests he struck a hard bargain. The bank's shares are back in favour as investors buy in anticipation of a recovery in the sector. Yesterday, Citicorp shares were trading slightly above $16.

If he converts all the issue, Prince Alwaleed will own 14.9 per cent of Citicorp. He probably feels he has bought a large slice of one of the world's biggest banks pretty cheaply.

Both parties to Thursday's deal play down the political implications of Saudi part-ownership of an American bank when the two nations are fighting side-by-side in the Gulf. Citicorp has been quick to point out that it has longstanding business relationships with Saudi Arabia – it owns 40 per cent of Saudi American Bank – and that the prince is only a business executive making a business investment.

Moreover, a bank in Citicorp's position cannot pick and choose where it gets its money from. As Mr Long puts it: "If you need money, get it on relatively reasonable terms; where it comes from is not all that important."

For a member of the Saudi royal family, Prince Alwaleed, 35, has a high profile. A distant relative of King Fahd, the American-educated prince is chairman of the Kingdom Establishment for Trading & Contracting, a holding company with interests in construction, real estate, banking and travel businesses. He has attempted to allay fears of predatory intentions.

On Thursday he said: "This personal investment demonstrates my full support for Citicorp and its management." He has also said he will not be taking a seat on the bank's board.

However, readers of Forbes magazine might remember a comment Prince Alwaleed made to the magazine 2½ years ago: "I want my voice to be heard; I would love to be a corporate raider."

Anyone with a longer memory might also recall that in 1979 the prince, then fresh from a Californian business college, went to an American bank for a loan to help his fledgling construction business. The bank refused the loan, until Prince Alwaleed agreed to put up his house as collateral. The bank was Citibank – a subsidiary of Citicorp.

Pancontinental incurs A$83.7m loss

By Kevin Brown in Sydney

PANCONTINENTAL Mining, the diversified Australian mining group, yesterday announced a loss of A$83.7m (US$66m) for the six months to December after writing off A$87.8m, mostly against its gold operations.

The write-down follows a review of Pancontinental's balance sheet by Rothschild Australia, which recommended a conservative revaluation of the group's assets in the face of recession and falling metals prices.

"We felt that we had to do this now because of the economic climate. We see a growing recession around the world; gold prices going nowhere, notwithstanding a major crisis in the Gulf; and base metal prices declining," said Mr Tony Grey, executive chairman.

"The only other time we could have done it would have been after the end of the financial year in June, and that would have meant waiting until our results were released in September. We thought that was too long."

The main write-downs were A$23.5m against the Sigiuri gold project in West Africa, and A$32.2m against acquisition and development costs of Australian gold operations. Others were A$14.4m against exploration costs and A$12.8m against investments.

At the pre-tax level, the group made a profit of A$4.1m compared with A$8m in the previous six months, on sales up to A$86.7m from A$81.7m. Mr Grey said the uncertain economy made forecasting risky, but the second half was likely to be "difficult".

The board also announced plans to strengthen its management by appointing a chief executive officer to take over day-to-day control from Mr Grey, who will remain executive chairman.

The move reflects the rapid growth of Pancontinental since it was founded by Mr Grey in 1971 to exploit a big uranium find at Jabiluka, in the Northern Territory.

The group now has substantial coal and gold interests, and a 40 per cent stake in the world's largest magnesite mine, at Kunwarara, Queensland, which is expected to begin production at the end of the year.

Pancontinental is also seeking to improve its image with institutional investors, which have lost enthusiasm for entrepreneurial companies in the wake of the collapse of those such as Mr Alan Bond.

"I have heard it said that this company is a one-man band. It is not, and I don't want it to have any hint of that because we are now a pretty big company and we are going to grow much larger quite quickly," Mr Grey said.

Pancontinental is talking with Energy Resources of Australia (ERA), a subsidiary of North Broken Hill Peko, on the possibility of joint production at Jabiluka, where development has been blocked by federal government restrictions on uranium mining.

The deal would mean transporting Jabiluka ore to the nearby Ranger mine operated by ERA.

However, it is not clear whether the government would allow such an arrangement. The governing Labor Party is expected to decide in June whether to relax the rules on uranium mining.

NORTH Broken Hill Peko, an Australian forestry and minerals company, yesterday posted after-tax profits up 12.6 per cent to A$55.5m (US$44m)in the first half ended December 31, from A$49.3m a year earlier, AP reports from Melbourne.

However, the company said that after accounting for results of associated companies, after-tax profits fell 29.4 per cent to A$36.3m from A$51.4m.

Earnings per share rose to 9.3 cents from 8.5 cents and the company declared an interim dividend of 4 cents a share, against 5 cents last year.

It said its 53 per cent-owned Robe River Iron Ore joint venture had "an outstanding result", with production and shipments of iron ore at record levels.

Its Warman International slurry pump business and forestry and paper operations suffered from the economic downturn in Australia.

At December 31, group debt was A$733.8m. This has since been reduced to A$675.7m.

For the second half of the fiscal year, North Broken Hill said it expected continuing strength from iron ore, with improved profits from Warman International and the forestry and paper division.

However, it warned that Pasminco, which is 40.3 per cent-owned by North Broken Hill, had forecast a "significant loss" for the full year.

Europeans buy control of potash mine

By Bernard Simon in Toronto

TWO EUROPEAN mining groups, Kali und Salz of Germany and France's Entreprise Minière et Chimique, are buying control of a large Canadian potash producer at a fraction of the mine's book value.

Potash Co of Canada, a joint venture between the two European companies, is paying C$15m (US$13m) in cash for the 60 per cent interest it does not own of the five-year-old Denison-Potacan mine in New Brunswick. Kali und Salz is a subsidiary of the German chemicals group BASF.

The seller is Denison Mines, the ailing uranium, coal and energy producer which is quickly selling off assets to ease a cash crunch. Denison carries the Potacan mine on its books at C$160m. Mr Bill James, chief executive, said the company was unable to get a better price for the mine.

Squeezed by the downturn in the potash market, the mine defaulted this month on a payment of US$13m to a group of banks. As part of the purchase, Potash Co will take over Denison's C$104m share of Potacan's debt.

The mine has a yearly production capacity of 1.3m tonnes of potash.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990/91	Low 1990/91
Gold per troy oz.	$358.75	-5.70	$416.00	$420.25	$345.75
Silver Per troy oz	185.15p	-8.15	307.25p	323.50p	185.15p
Aluminium 99.7% (cash)	$1524.0	+16.0	$1495.0	$2227.5	$1380.0
Copper Grade A (cash)	£1283.0	+42.0	£1431.0	£1796.0	£1172.5
Lead(cash)	£302.0	-7.0	£515.0	£790	£296
Nickel (cash)	$8762.5	-92.5	$7775	$11375	$6075
Zinc SHG (cash)	$1194.5	-22.5	$1454.5	$1869	$1167
Tin (cash)	$5590.0	+10.0	$6415.0	$7020	$5545
Cocoa Futures (May)	£631	-30	£655	£967	£522
Coffee Futures (May)	£549	+15	£636	£757	£528
Sugar (LDP Raw)	$213.2	+1.4	$354.8	$386.4	$209.0
Barley Futures (May)	£118.80	-0.20	£107.00	£120.45	£103.45
Wheat Futures (May)	£128.80	+0.50	£114.70	£128.80	£111.00
Cotton Outlook A Index	84.70c	-0.65	78.10c	92.70c	73.70c
Wool (64s Super)	365p	n/c	548p	580p	365p
Oil (Brent Blend)	$16.80w	-0.45	$19.275	$39.175	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. w-April

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$12.85-3.05t	-.575
Brent Blend (dated)	$17.75-7.90	-.75
Brent Blend (April)	$16.75-6.85	-.625
W.T.I. (1 pm est)	$18.16-8.19	-.995
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$222-225	-1.6
Gas Oil	$246-249	-35
Heavy Fuel Oil	$72-74	
Naphtha	$203-206	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$358.75	-4.40
Silver (per troy oz)♣	360.50c	-8.00
Platinum (per troy oz)	$380.15	-1.50
Palladium (per troy oz)	$80.35	-0.50
Aluminium (free market)	$1530.0	+17.5
Copper (US Producer)	116c	+1
Lead (US Producer)	35⅞c	
Nickel (free market)	409c	+3
Tin (Kuala Lumpur market)	15.05r	-0.04
Tin (New York)	260c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.32p	-2.85*
Sheep (dead weight)†	143.80p	-4.95*
Pigs (live weight)†	86.31p	-0.74*
London daily sugar (raw)	$213.2w	-2.8
London daily sugar (white)	$293.5w	-1.0
Tate and Lyle export price	£215.5	-1.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£168.5	
Wheat (US Dark Northern)	£94.5	
Rubber (Mar)♥	48.25p	
Rubber (Apr)♥	46.75p	
Rubber (KL RSS No 1 Mar)	227.5m	-1.0
Coconut oil (Philippines)§	$342.5q	+5.0
Palm Oil (Malaysian)§	$345x	
Copra (Philippines)§	$227.5t	
Soyabeans (US)	£137.0	-1.0
Cotton "A" index	84.70c	-0.10
Wooltops (64s Super)	365p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg q-Mar/Apr. t-Apr. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Mar	182.40	186.80	186.20 180.60
May	181.20	184.80	185.00 180.00
Aug	187.80	190.60	191.80 187.00
Oct	186.80	189.60	190.80 187.00
Dec	187.80		189.80 188.80
Mar	185.80	187.80	187.40 184.00
May	189.20		191.80 188.00
White	Close	Previous	High/Low
May	287.5	288.5	288.0 284.5
Aug	286.0	286.5	286.5 284.0
Oct	261.0	261.5	261.0 258.0
Dec	256.0	258.5	258.0 254.5
Mar	260.5		260.0 259.0
May	263.5		261.5

Turnover: Raw 1924 (2156) lots of 50 tonnes. White 1785 (1655)
Paris- White (FFr per tonne): May 1468, Aug 1472, Oct 1350.

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Apr	16.75	16.80	17.10 16.46
May	16.30	16.25	16.50 16.00
Jun	16.10	16.25	16.15 15.85
IPE Index	17.10	17.17	

Turnover 10941 (10403)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Mar	192.25	211.50	203.00 189.00
Apr	165.50	170.00	167.00 160.00
May	156.75	159.75	157.00 153.00
Jun	154.00	157.00	155.50 152.25
Jul	155.50	157.25	156.00 150.00
Aug	158.00	157.00	157.00 151.00
Sep	156.50	159.00	158.00 156.50

Turnover 8534 (11253) lots of 100 tonnes

MGMI – London FOX	Close	Prev.	High	Low	Vol
Indx	158.91	157.00			
Mar	157.50	156.70	157.50		6
Apr	158.00	157.10	158.00		70
May	158.10	156.70	158.10		70
Jun	158.00	156.50	158.00	157.90	46
Sep	157.60	156.50	157.60	157.50	46
Dec	157.60		157.60		40
Mar	157.10	156.20	157.10		40

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Mar	598	612	605 598
May	631	644	638 629
Jul	659	671	664 657
Sep	685	696	690 683
Dec	720	730	724 718
Mar	745	756	750 742
May	764	776	769 763

Turnover: 4279 (4637) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 21 857.39 (869.67) 10 day average for Feb 22 850.42 (846.92)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Mar	540	551	545 536
May	549	561	558 546
Jul	560	575	568 557
Sep	578	591	586 576
Nov	595	609	602 593
Jan	617	621	616 614

Turnover: 4662 (6559) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 21: Comp. daily 73.68 (73.88). 15 day average 69.73 (69.27)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Apr	126.6	126.5	127.0 126.0
May	148.0	147.0	147.0

Turnover 50 (89) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Apr	112.00		112.00
Jun	109.50	110.00	109.50
Aug	111.50	112.00	111.50
Oct	116.00		116.00

Turnover 136 (218)lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Feb	1687	1670	1690 1679
Mar	1581	1580	1590 1571
Apr	1424	1425	1440 1410
Jul	1088	1085	1105 1090
Oct	1188	1198	1205 1195
BFI	1671	1664	

Turnover 411 (229)

GRAINS – London FOX (£/tonne)			
Wheat	Close	Previous	High/Low
Mar	125.50	125.40	126.00 125.35
May	128.80	128.50	129.25 128.50
Jun	130.90	130.50	131.00
Sep	108.00	108.30	108.00
Nov	111.05	111.50	111.05
Jan	114.75	115.25	115.00
Barley	Close	Previous	High/Low
Mar	114.80	115.75	116.00
May	118.80	119.50	119.70 118.60
Nov	108.50	108.70	108.50

Turnover: Wheat 364 (276). Barley 92 (123).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Mar	112.0	110.5	110.0
Apr	110.0		109.8
May	110.0	110.0	109.5
Jun	110.0		109.0
Jul	110.0		107.0
Aug	108.5	107.0	108.5

Turnover: 78 (42) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 24,750 lots
Cash	1523-5	1520-5		1527-9		
3 months	1554-5	1552-5	1565/1547	1559-60	1548-9	52,541 lots
Copper, Grade A (£ per tonne)						Total daily turnover 11,852 lots
Cash	1282-4	1275-80	1299/1292	1297-9		
3 months	1257-8	1253-4	1266/1250	1262-3	1258-9	95,957 lots
Lead (£ per tonne)						Total daily turnover 4,374 lots
Cash	301.5-2.5	302.5-3.5	302	302-3		
3 months	313-3.5	314-4.25	314/310	313.5-4	310-1	13,386 lots
Nickel ($ per tonne)						Total daily turnover 4,180 lots
Cash	8750-75	8750-800	8805	8800-5		
3 months	8610-25	8675-700	8690/8605	8690-5	8600-10	7,651 lots
Tin ($ per tonne)						Total daily turnover 1,247 lots
Cash	5580-600	5595-605	5610	5610-20		
3 months	5680-90	5690-1	5710/5680	5700-10	5700-10	8,374 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,625 lots
Cash	1194-5	1188-90	1198/1194	1197-8		
3 months	1191-2	1186-7	1197/1185	1192-3	1183-5	17,903 lots

LME Closing £/$ rate: SPOT: 1.9465 3 months: 1.9176 6 months: 1.8944 9 months: 1.8761

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	358.50-359.00	
Opening	359.25-359.75	
Morning fix	358.90	182.879
Afternoon fix	358.80	183.229
Day's high	360.10-360.50	
Day's low	357.90-358.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.42	6 months	5.19
2 months	5.39	12 months	5.10
3 months	5.33		

Silver fix	p/fine oz	US cts equiv
Spot	184.75	362.00
3 months	190.55	367.85
6 months	195.85	373.56
12 months	205.85	385.85

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	360.00-361.00	183.90-184.40
Maple leaf	370.00-371.00	189.00-189.50
New Sovereign	87.00-88.00	44.40-44.90

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1450	85	117	2	16
1550	15	54	31	51
1650	1	19	116	115
Copper (Grade A)	**Calls**		**Puts**	
2300	157	160	4	40
2400	77	92	22	80
2500	25	51	71	137
Coffee	**May**	**Jul**	**May**	**Jul**
500	54	66	22	34
550	7	16	5	8
600	23	26	58	58
Cocoa	**May**	**Jul**	**May**	**Jul**
600	46	74	15	43
650	20	24	39	34
700	8	35	77	15
Brent Crude	**Apr**	**May**	**Apr**	**May**
1700		55		
1800		30		
1900	25			

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Feb	357.0	362.7	360.2	356.0
Mar	357.0	362.7	357.0	355.5
Apr	358.3	364.1	362.0	357.0
Jun	361.5	367.3	365.2	360.5
Aug	364.7	370.5	367.3	363.5
Oct	368.0	373.8	371.5	368.0
Dec	371.3	377.1	374.7	370.5
Feb	374.8	380.6	374.0	0
Apr	378.1	383.9	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Apr	377.8	379.4	378.0	375.8
Jul	381.6	383.2	381.5	379.5
Oct	385.4	387.0	383.5	383.5
Jan	389.2	390.8	389.0	387.0
Apr	394.3	395.9	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Feb	350.8	363.7	357.0	357.0
Mar	351.0	364.0	362.0	350.5
Apr	352.8	365.8	0	0
May	355.6	368.7	366.0	355.0
Jul	360.3	373.5	371.5	360.1
Sep	365.0	378.3	376.5	367.5
Dec	372.1	385.5	383.5	374.0
Jan	373.4	386.9	0	0
Mar	379.4	392.9	391.0	384.0
May	384.5	398.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	112.05	112.00	113.20	112.00
Mar	110.55	111.15	112.30	110.30
Apr	108.70	109.30	110.60	109.00
May	106.90	107.55	108.70	106.80
Jun	106.35	106.85	0	0
Jul	105.20	105.95	106.60	105.30
Aug	104.80	105.60	0	0
Sep	103.90	104.70	104.60	104.00
Oct	103.40	104.25	0	0
Nov	102.95	103.75	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Apr	17.90	18.50	18.70	17.61
May	17.48	17.84	17.95	17.30
Jun	17.25	17.51	17.70	17.15

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 22	Feb 21	mnth ago	yr ago
1688.7	1687.5	1665.5	1829.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 21	Feb 20	mnth ago	yr ago
Spot	127.57	123.68	121.27	131.45
Futures	127.88	128.05	124.69	132.98

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Mar	5940	6140	6130	5910
Jun	4860	4942	4950	4860
Jul	4895	4917	4935	4860
Aug	4945	4977	4975	4940

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1095	1114	1113	1091
May	1131	1137	1141	1126
Jul	1164	1169	1173	1160
Sep	1196	1203	1206	1198
Dec	1241	1249	1252	1241
Mar	1282	1290	1283	0
May	1314	1322	0	0
Jul	1344	1352	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	89.75	91.75	91.40	89.50
May	92.00	94.10	93.70	91.80
Jul	94.10	96.20	95.65	94.10
Sep	96.20	97.95	97.70	96.10
Dec	99.10	100.75	100.50	99.10
Mar	101.90	104.60	102.90	102.10
May	103.50	105.50	0	0
Jul	105.45	107.45	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.23	8.60	8.50	8.13
May	8.13	8.30	8.33	8.07
Jul	8.16	8.28	8.30	8.10
Oct	8.19	8.30	8.32	8.12
Mar	8.37	8.47	8.46	8.31
May	8.45	8.49	8.45	0
Jul	8.66	8.67	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	87.10	84.90	87.70	84.15
May	87.44	85.44	87.44	85.30
Jul	86.58	84.58	86.58	84.45
Oct	74.20	73.25	74.35	73.25
Dec	69.25	68.50	69.40	68.46
May	70.00	68.95	69.00	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	112.10	113.95	114.30	112.10
May	112.35	113.70	114.10	112.35
Jul	113.25	114.10	114.75	112.80
Sep	114.50	114.85	115.50	114.50

SPICES

During the past fortnight the level of activity in the pepper market left a lot to be desired, reports Man-Producten. Trading remained very slow since both suppliers in the origin countries and consumers in Europe and the US remained on the sideline. In the meantime prices of both white and black pepper slid further down to US$1,500 cif and $1,450 cif. A price recovery still seems rather unlikely since stocks seem everywhere amply available and new crops in Malaysia, Thailand, Vietnam are about to come on to the market.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Mar	569/4	572/2	573/0	569/0
May	582/0	585/0	585/4	581/4
Jul	594/2	597/0	597/4	593/4
Aug	598/6	602/0	602/4	598/4
Sep	602/2	604/0	605/0	602/0
Nov	611/2	613/2	614/0	610/4
Jan	622/0	624/4	625/4	622/0
Mar	633/0	637/4	634/4	633/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	21.00	21.07	21.07	20.93
May	21.36	21.43	21.46	21.30
Jul	21.67	21.74	21.74	21.58
Aug	21.71	21.81	21.85	21.70
Sep	21.83	21.94	21.95	21.82
Oct	21.90	21.95	21.94	21.90
Dec	22.07	22.15	22.15	22.00
Jan	22.12	22.17	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Mar	166.8	167.1	166.9	165.9
May	170.7	171.2	171.2	170.1
Jul	174.2	174.7	174.9	173.8
Aug	176.0	176.4	176.6	175.5
Sep	177.0	177.3	177.8	177.0
Oct	178.5	179.0	179.3	178.5
Dec	181.6	182.5	182.0	181.1
Jan	182.2	182.7	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	238/2	238/8	238/6	238/0
May	247/0	247/4	247/2	246/4
Jul	254/0	254/2	254/4	253/2
Sep	256/2	256/0	256/4	255/4
Dec	259/0	258/4	259/0	257/6
Mar	266/6	265/6	266/6	265/0
May	272/0	270/4	272/0	269/6

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	251/6	252/6	253/2	251/2
May	262/2	263/2	263/6	262/0
Jul	273/0	273/2	274/2	272/2
Sep	281/0	280/4	281/6	279/6
Dec	294/0	293/4	294/6	292/6
Mar	301/4	301/0	301/4	300/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	79.40	79.12	79.47	78.92
Jun	76.02	75.80	76.10	75.55
Aug	74.30	74.30	74.32	74.05
Oct	74.20	74.22	74.20	73.95
Dec	74.77	74.75	74.87	74.65
Feb	74.70	74.60	74.70	74.50
Apr	74.95	0	75.15	74.60

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Apr	49.00	48.60	49.05	48.40
Jun	54.37	54.10	54.45	54.02
Jul	53.86	53.70	54.15	53.60
Aug	50.75	50.72	51.15	50.65
Oct	46.45	46.40	46.70	46.40
Dec	46.67	46.50	46.70	46.55
Feb	46.55	46.90	0	46.55

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	61.50	60.90	62.10	60.42
May	60.72	60.77	61.60	60.10
Jul	59.92	59.75	60.75	59.20
Aug	58.15	58.02	58.87	57.05
Feb	56.72	56.02	58.00	56.00

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up on peace hopes

THE DOLLAR gained ground on hopes that the Gulf war may be over. It broke through technical resistance at DM1.5005 and at DM1.5020 after US President George Bush issued an ultimatum that Iraq must start withdrawing troops from Kuwait today, or face the unstated consequences.

President Bush accused Iraqi President Saddam Hussein of following a "scorched earth" policy by setting fire to oil installations in Kuwait. This supported the view that the Iraqi forces are destroying Kuwaiti assets in preparation for a withdrawal. It followed the overnight news from Moscow that Iraq had agreed to President Mikhail Gorbachev's package for a peaceful solution to the Gulf crisis.

Any settlement of the conflict and a scaling down of the US military presence is regarded as positive for the dollar, on hopes that it will result in an earlier end to the US recession, but dealers warned that the situation was volatile and the dollar could retreat quickly if Iraq does not meet the US ultimatum.

At the London close the dollar had climbed to DM1.5040 from DM1.4905; to Y132.25 from Y131.35; to SFr1.2895 from SFr1.2740; and to FFr5.1175 from FFr5.0700. On Bank of England figures the dollar's index rose to 60.7 from 60.5.

Sterling lost ground to the dollar while strengthening within the European Monetary System. The pound drifted lower against the US currency, in line with its partners in the EMS exchange rate mechanism, but improved against the D-Mark to its highest level since January 30, the day before the German Bundesbank raised official interest rates.

There was continued speculation that UK bank base rates will be cut in the near future, despite a signal of caution from the Bank of England in its daily money market operations.

In London the pound fell 85 points to $1.9440, but rose to DM2.9250 from DM2.9175; to FFr9.9475 from FFr9.9250; to SFr2.5075 from SFr2.4950; and was unchanged at Y257.00. Sterling's index gained 0.1 to 94.4.

The pound remained the second weakest member of the ERM, above the French franc. The highest placed Spanish peseta eased slightly on the speculation of an easing of the Bank of Spain's credit policy.

In Paris the franc was steady, with the D-Mark trading at FFr3.4028 compared with Thursday's fixing level of FFr3.4015. Yesterday's Paris fixing was cancelled because of a bomb alert. An official said the Bank of France was considering scrapping its daily fixing, following similar moves by Belgium, the Netherlands and Spain.

£ IN NEW YORK

Feb 22	Latest	Previous Close
£ Spot	1.9450-1.9460	1.9565-1.9575
1 month	1.01-0.99pm	1.00-0.98pm
3 months	2.91-2.88pm	2.90-2.87pm
12 months	8.61-8.51pm	8.46-8.36pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.22	Previous
8.30 am	94.4	94.2
9.00 am	94.3	94.2
10.00 am	94.4	94.4
11.00 am	94.4	94.4
Noon	94.4	94.4
1.00 pm	94.4	94.3
2.00 pm	94.4	94.3
3.00 pm	94.4	94.2
4.00 pm	94.4	94.3

CURRENCY RATES

Feb 22	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.732757	0.702035
U.S Dollar	6.00	1.43657	1.37423
Canadian $	10.26	1.65392	1.58106
Austrian Sch	7	15.0452	14.4226
Belgian Franc	10.50	44.0704	42.2027
Danish Krone	9½	8.22724	7.89154
D-Mark	6.50	2.13905	2.05008
Dutch Guilder	7.75	2.41372	2.31105
French Franc	10¼	7.28628	6.97630
Italian Lira	12½	1603.61	1536.39
Japanese Yen	6	188.693	180.586
Norway Krone	8	8.38095	8.01797
Spanish Peseta	–	133.417	127.886
Swedish Krona	11	8.00960	7.64761
Swiss Franc	6.00	1.82732	1.75284
Greek Drach	19	N/A	220.056
Irish Punt	–	N/A	0.770483

† European Commission Calculations.
* All SDR rates are for Feb.21

CURRENCY MOVEMENTS

Feb 22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.4	–18.1
U.S Dollar	60.7	–18.6
Canadian Dollar	102.4	+0.2
Austrian Schilling	110.5	+12.4
Belgian Franc	112.6	–1.3
Danish Krone	110.8	+5.2
D-Mark	120.3	+26.1
Swiss Franc	114.0	+23.0
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.21.

OTHER CURRENCIES

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9405 - 1.9645	1.9435 - 1.9445	1.01-0.99cpm	6.17	2.90-2.87pm	5.94
Ireland†	1.7780 - 1.7935	1.7785 - 1.7795	0.62-0.57cpm	4.01	1.90-1.80pm	4.16
Canada	1.1485 - 1.1525	1.1515 - 1.1525	0.28-0.30cdis	–3.02	0.87-0.92dis	–3.11
Netherlands	1.6720 - 1.6875	1.6955 - 1.6965	0.30-0.33cdis	–2.23	0.96-1.01pm	2.32
Belgium	30.50 - 30.80	30.70 - 30.80	5.00-7.00cdis	–2.34	18.00-22.00dis	–2.60
Denmark	5.7075 - 5.7600	5.7550 - 5.7600	1.52-1.82oredis	–3.48	4.75-5.35dis	–3.51
Germany	1.4825 - 1.5075	1.5035 - 1.5045	0.27-0.29pfdis	–2.23	0.85-0.88dis	–2.30
Portugal	130.55 - 131.40	130.55 - 130.65	70-80cdis	–6.89	245-265dis	–7.81
Spain	92.30 - 93.80	93.70 - 93.80	56-59cdis	–7.36	168-175dis	–7.32
Italy	1111.00 - 1127.75	1126.75 - 1127.25	4.90-5.30liredis	–5.43	15.00-16.00dis	–5.50
Norway	5.8010 - 5.8825	5.8475 - 5.8525	1.63-2.00oredis	–3.72	5.65-6.15dis	–4.03
France	5.0460 - 5.1220	5.1150 - 5.1200	1.11-1.16cdis	–2.66	3.42-3.52dis	–2.71
Sweden	5.5380 - 5.5800	5.5750 - 5.5800	2.20-2.55oredis	–5.11	7.25-7.75dis	–5.38
Japan	130.45 - 132.30	132.20 - 132.30	0.13-0.15ydis	–1.27	0.38-0.41dis	–1.19
Austria	10.4375 - 10.5025	10.4975 - 10.5025	2.10-2.50grodis	–2.63	6.00-7.10dis	–2.50
Switzerland	1.2670 - 1.2935	1.2890 - 1.2900	0.13-0.16cdis	–1.35	0.42-0.47dis	–1.38
Ecu	1.3750 - 1.3865	1.3695 - 1.3705	0.34-0.31cpm	2.85	0.99-0.94pm	2.82

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9405 - 1.9645	1.9435 - 1.9445	1.01-0.99cpm	6.17	2.90-2.87pm	5.94
Canada	2.2320 - 2.2650	2.2320 - 2.2330	0.62-0.55cpm	3.14	1.67-1.53pm	2.87
Netherlands	3.2830 - 3.3025	3.2925 - 3.3025	1¼-1cpm	3.87	3¼-2¾pm	3.64
Belgium	59.70 - 60.30	59.70 - 59.80	22-16cpm	3.82	55-46pm	3.38
Denmark	11.1875 - 11.2920	11.1875 - 11.1975	3-2¼orepm	2.75	7¼-6¼pm	2.50
Ireland	1.0930 - 1.1000	1.0980 - 1.0990	0.28-0.21cpm	2.68	0.65-0.45pm	2.00
Germany	2.9135 - 2.9275	2.9225 - 2.9275	1-¾pfpm	3.85	2¼-2⅛pm	3.68
Portugal	254.90 - 257.15	254.90 - 255.90	12-48cdis	–1.41	91-172dis	–2.06
Spain	181.35 - 182.80	182.05 - 182.35	15-27cdis	–1.38	60-79dis	–1.53
Italy	2182.95 - 2194.05	2190.50 - 2191.50	1½-¾lirepm	0.65	3¾-2½pm	0.54
Norway	11.3375 - 11.4465	11.3675 - 11.3775	2¾-2orepm	2.57	6¼-5pm	1.96
France	9.9150 - 9.9595	9.9425 - 9.9525	3-2¼cpm	3.47	8¼-7¾pm	3.22
Sweden	10.8375 - 10.9195	10.8375 - 10.8475	1½-¾orepm	1.25	2½-1¼pm	0.71
Japan	256.40 - 257.50	256.50 - 257.50	1¼-1ypm	4.96	3¼-3pm	4.77
Austria	20.47 - 20.59	20.47 - 20.50	6¾-5¼gropm	3.51	18¼-16pm	3.34
Switzerland	2.4890 - 2.5125	2.5025 - 2.5125	1¼-1cpm	5.08	3-2¾pm	4.69
Ecu	1.4170 - 1.4195	1.4175 - 1.4185	0.41-0.36cpm	3.26	1.08-1.00pm	2.93

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.21-5.16cpm . 12 Month 8.56-8.46pm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 22	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.886	–4.30	5.72	75
Belgian Franc	42.4032	42.2027	–0.47	1.66	30
D-Mark	2.05586	2.05008	–0.28	1.46	27
Dutch Guilder	2.31643	2.31105	–0.23	1.41	18
Italian Lira	1538.24	1536.39	–0.12	1.30	13
Irish Punt	0.767417	0.770483	0.40	0.78	–12
Danish Krone	7.84195	7.89154	0.63	0.54	–22
Sterling	0.696904	0.702035	0.74	0.44	–15
French Franc	6.89509	6.97630	1.18	0.00	–57

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9440	1.9340	1.9152	1.8922	1.8589
D-mark	2.9250	2.9154	2.8982	2.8793	2.8518
French Fr.	9.9475	9.9187	9.8680	9.8178	9.7511
Swiss Fr.	2.5075	2.4974	2.4790	2.4547	2.4155
Yen	257.00	255.96	253.96	251.28	246.63

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
February	1720.0	1718.0	+6.0	1724.0	1711.0	7,514
March	1732.0	1733.0	+6.5	1738.5	1725.5	4,596
April	1743.0	1743.0	+4.5	1743.0	1743.0	4
June	-	-	-	-	-	200

Estimated volume 5,640 Total Open Interest 12,314

BANK RETURN

BANKING DEPARTMENT	Wednesday February 20, 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	44,309,055	-	966,890
Bankers Deposits	1,729,332,969	+	42,866,633
Reserve and other Accounts	2,636,715,503	+	11,493,098
	4,424,910,527	+	53,393,041
ASSETS			
Government Securities	1,322,331,113	+	211,585,000
Advance and other Accounts	2,505,445,101	+	1,096,123,070
Premises Equipment & other Secs	592,919,731	-	1,250,880,955
Notes	4,017,121	-	3,417,107
Coin	197,461	-	16,967
	4,424,910,527	+	53,393,041
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,265,982,879	-	46,582,893
Notes in Banking Department	4,017,121	-	3,417,107
	15,270,000,000	-	50,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	8,630,896,268	-	466,067,160
Other Securities	6,628,088,632	+	416,067,160
	15,270,000,000	-	50,000,000

MONEY MARKETS

Bank sends warning

WHOLESALE INTEREST rates showed little change in London yesterday, but maintained a soft tone despite indications that the Bank of England is looking to dampen speculation about lower base rates.

The UK authorities indicated concern about the decline in money market rates when buying bills for resale one day before next month's budget and also by lending money to the market for seven days at the existing bank base rate of 13½ per cent. Three-month interbank was quoted unchanged at 12⁴⁹⁄₃₂-12⁵⁵⁄₃₂ and 12-month money was steady at 11⁹⁄₁₆-11⁷⁄₁₆ per cent.

On Liffe March short sterling futures opened firmer at 87.47, but this was the day's high. The contract fell to a low of 87.33 before closing at 87.39 compared with 87.46 previously.

There was another large shortage of credit on the cash market. The Bank of England forecast a shortage of £1,750m and provided total assistance of £1,644m. An early round of help was offered and at that time the authorities bought £293m bills, including £103m outright by way of £65m bank bills in band 1 at 13⅜ per cent and £38m bank bills in band 2 at 13¼ per cent. Another £130m bills were purchased for resale to the market on March 18, at 13⅜ per cent.

Before lunch £701m bills were bought outright, via £167m bank bills in band 1 at 13⅜ per cent; £1m Treasury bills in band 2 at 13¼ per cent; and £533m bank bills in band 2 at 13¼ per cent.

In the afternoon the central bank did not offer to buy bills, but provided borrowing facilities for the discount houses. A sum of £710m was lent to the houses for seven days at 13½ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,675m, with a rise in the note circulation absorbing £510m and bank balances below target £150m. These outweighed exchequer transactions adding £585m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 12.0616 from 12.1298 per cent, and the average rate on 182-day bills declined to 11.3886 from 11.4413 per cent. The £350m of 91-day bills attracted bids of £854m and the £200m of 182-day bills received bids of £615m. Next week a further £350m 91-day and £200m 182-day bills will be on offer.

UK clearing bank base lending rate 13.5 per cent from February 13, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.22) 3 months US dollars		6 months US Dollars	
bid 6⅝	offer 6¾	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9
Broker loan rate	8½
Fed.funds	6¾
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]
Two year	[illegible]
[illegible]	7.17
[illegible]	7.36
[illegible]	7.53
[illegible]	7.77
[illegible]	7.87
[illegible]	8.04

Feb.22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.55-8.65	8.70-8.85	8.75-8.9[illegible]	[illegible]	[illegible]	[illegible]
Paris	9⅛-9⅜	9¼-9⅜	9⅛-9¼	[illegible]	[illegible]	[illegible]
Zurich	7⅝-7⅞	7⅞-8¼	-	[illegible]	[illegible]	[illegible]
Amsterdam	8.87-9.00	8.92-9.00	-	[illegible]	[illegible]	[illegible]
Tokyo	8⅛-8¼	8⅛-8⅜	-	[illegible]	[illegible]	[illegible]
Milan	12¾-13¼	13¼-13½	-	[illegible]	[illegible]	[illegible]
Brussels	-	9⅛-9⅜	-	[illegible]	[illegible]	[illegible]
Dublin	11-11¼	11⅛-11⅜	11⅛-11[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Feb 22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	14	[illegible]	[illegible]	[illegible]	12
Interbank Bid	13¾	13¾	[illegible]	[illegible]	[illegible]	11¾
Sterling CDs	–	–	[illegible]	[illegible]	[illegible]	11¾
Local Authority Deps.	13⅝	13⅝	[illegible]	[illegible]	[illegible]	11¹³⁄₁₆
Local Authority Bonds	–	–	[illegible]	[illegible]	[illegible]	–
Discount Mkt Deps	14	13½	[illegible]	[illegible]	[illegible]	–
Company Deposits	–	–	[illegible]	[illegible]	[illegible]	11⅞
Finance House Deposits	–	–	[illegible]	[illegible]	[illegible]	12
Treasury Bills (Buy)	–	–	[illegible]	[illegible]	[illegible]	–
Bank Bills (Buy)	–	–	[illegible]	[illegible]	[illegible]	–
Fine Trade Bills (Buy)	–	–	[illegible]	[illegible]	[illegible]	–
Dollar CDs	–	–	[illegible]	[illegible]	[illegible]	6.95
SDR Linked Dep. Offer	–	–	[illegible]	[illegible]	[illegible]	8¼
SDR Linked Dep. Bid	–	–	[illegible]	[illegible]	[illegible]	8¼
ECU Linked Dep. Offer	–	–	[illegible]	[illegible]	[illegible]	9¹¹⁄₁₆
ECU Linked Dep. Bid	–	–	[illegible]	[illegible]	[illegible]	9⅝

Treasury Bills (sell); one-month 13 per cent; three months 12¾ per cent; Bank Bills (sell): one-month 13¼ per cent; three months 12¾ per cent; Treasury Bills: Average tender rate of discount 12.0616 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31 ,1991 . Agreed rates for period Feb 26,1991 to Mar 25, 1991, Scheme I: 15.10 p.c., Schemes II & III: 15.26 p.c. Reference rate for period [illegible] Scheme IV&V: 14.012 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from February 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8,1989 . Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	13½	Co-operative Bank	13½	Nat. Bk. of Kuwait	13½
Adam & Company	13½	Coutts & Co	13½	NatWestminster	13½
Allied Trust Bank	14	Cyprus Popular Bk	13½	Northern Bank Ltd	13½
AIB Bank	13½	Dunbar Bank PLC	13½	Nykredit Mortgage Bank	14
● Henry Ansbacher	13½	Duncan Lawrie	13½	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	13½	Exeter Bank Limited	14	Royal Bk of Scotland	13½
Bank of Baroda	13½	Financial & Gen. Bank	13½	● Smith & Williamson Secs.	13½
Banco Bilbao Vizcaya	13½	First National Bank Plc.	16	Standard Chartered	13½
Bank Credit & Comm	13½	● Robert Fleming & Co.	13½	TSB	13½
Bank of Cyprus	13½	Robert Fraser & Ptnrs.	14	Unibank plc	13½
Bank of Ireland	13½	Girobank	13½	● United Bk of Kuwait	13½
Bank of India	13½	● Guinness Mahon	13½	United Mizrahi Bank	13½
Bank of Scotland	13½	● Hambros Bank	13½	Unity Trust Bank Plc	13½
Banque Belge Ltd	13½	Hampshire Trust Plc	14½	Western Trust	13½
Barclays Bank	13½	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	13½
Benchmark Bank	14	● Hill Samuel	13½	Whiteaway Laidlaw	13½
Brit. Bk of Mid East	13½	C. Hoare & Co.	13½	Yorkshire Bank	13½
● Brown Shipley	13½	Hongkong & Shanghai	13½		
CL Bank Nederland	13½	● Leopold Joseph & Sons	13½		
● Charterhouse Bank	13½	Lloyds Bank	13½		
Citibank NA	13½	Meghraj Bank Ltd	13½		
City Merchants Bank	13½	McDonnell Douglas Bnk.	13½		
Clydesdale Bank	13½	Midland Bank	13½		
Comm.Bk.of London Plc	13½	Mount Banking	13½		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Many other currencies are available— for rates please phone ext 2168

Citibank Savings
St Martins Hse, Hammersmith Grove W6 081-741 4941
Money Market Plus

£2,000-£24,999	11.00	8.50	11.79	Mth
£25,000	11.50	9.00	12.51	Mth

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

£2,000-£19,999	11.25	8.78	12.10	Qtr
£20,000-£49,999	11.70	9.13	12.60	Qtr
£50,000+	12.20	9.52	13.15	Qtr

£25,000+	13.00	10.14	14.04	Qtr
£5,000-£24,999	12.75	9.95	13.76	Qtr
£1,000-£4,999	12.50	9.75	13.48	Qtr

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

High Int Cheque Acc.	13.50	10.53	14.60	Qtr

NOTES–Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers –compounded annual rate. Int Cr: frequency interest credited.

FINANCIAL TIMES CONFERENCES

THE EUROPEAN FOOD AND DRINK INDUSTRY IN EUROPE
London - 12 & 13 March 1991

Strategies for success in a competitive environment will be the focus of the third Financial Times Food and Drink Conference. The prospects for business in Eastern Europe, the benefits of forming retail alliances, creating and supporting brands, niche marketing and product innovation are among the subjects to be debated by our panel of industry experts.

Mr Michael Jackaman of Allied-Lyons plc; Mr Edward Glover of Campbell Europe; M. Richard Bourgeois of Groupe Casino; M. Nicolas Le Chatelier of Yoplait SA and Mr Christopher Haskins of Northern Foods plc are among the speakers who will be sharing their views at this topical conference arranged in association with OC&C Strategy Consultants.

THE EUROPEAN WATER INDUSTRY
London - 6 & 7 March 1991

The critical issues facing the European water industry as it seeks to meet the higher quality standards demanded by the European Commission and member states, will be debated at the FT's second conference on the European water industry.

The distinguished speaker panel includes: Mr David A Trippier, MP, UK Minister for the Environment and Countryside; Professor Dr Klaus Töpfer, German Federal Minister for the Environment, Nature Conservation and Nuclear Safety; The Rt Hon The Lord Crickhowell of the National Rivers Authority; Mr Jørgen Henningsen of the Commission of the European Communities. Methods of charging will be addressed by Mr Ian Byatt of the Office of Water Services and Mr David Gadbury of Southern Water plc .

WORLD PHARMACEUTICALS
London - 18 & 19 March 1991

This topical programme arranged in association with Coopers & Lybrand, will focus on the challenges facing pharmaceutical manufacturers in the 1990s, as governments seek to contain ever-increasing health care costs by imposing tighter controls and by encouraging greater competition. The conference will consider the new relationships that competition is creating between manufacturers, health service providers, insurers, the medical profession, wholesalers and the patients themselves.

Speakers taking part include: Dr Ernest Mario of Glaxo Holdings; Professor Dr Walter P von Wartburg of CIBA-GEIGY; The Rt Hon William Waldegrave, MP, UK Secretary of State for Health; Mr James Cochrane of The Wellcome Foundation, Mr Vladislav Deigin from the Ministry of Health of the Russian Federation and Mr Masaru Wada of the Ministry of Health & Welfare, Japan.

All enquiries should be addressed to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323 (24hour answering service), Telex: 27347 FTCONF G, Fax: 071-925 2125.

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European Assets Trust N.V.
The net asset value at 31st January 1991 DFL 7.17

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2279

Conversion 10% Stk 1996 A - £99½ ⅝ .604688 ...
Exchequer 10½% Stk 2005 - £103⅞
Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £113⅞

Corporation and County Stocks
No. of bargains included 13

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £91½ ...
11.5% Ln Stk 2003 - £108 ½
Malaysia 10¾% Ln Stk 2009(Reg) - £92
New Zealand 7¾% Stk 88/92 - £93½ (20Fe91)
11¾% Stk 2008(Reg) - £101 ⅜ (20Fe91)
Nova Scotia(Province of)11¾% Ln Stk 2019 - £102¾
16¾% Ln Stk 2011 - £140¼♦
14½% Ln Stk 2006 - £95 6
Portugal(Rep of)9% Ln Stk 2016(Reg) - £81½ ...

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Commercial, Industrial, etc

Financial Trusts, Land, etc

Electricity

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix
No. of bargains included 574

Apollo Metals PLC 8p(Net) Cum Cnv Red Prf 10p - 180 2 4 (18Fe91)
BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p - 45 (15Fe91)
Beckenham Group PLC Warrants to sub for Ord - 18 (18Fe91)
9% Red Cum Non-Vtg Prf £1 - 59 61 2
Bedford(William) PLC Ord 5p - 27
Chemex International PLC Ord 5p - 12 (19Fe91)
Dakota Group PLC Ord I£0.25 - I£0.28

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$2 5026 (19/2)
Associated Manganese Mines of SA £44 (15/2)
Aust. Foundation Inv A$1.774 (20/2)
Aust. Oil & Gas A$0.843 (20/2)
Beverly Enterprises £4 974♦ (20/2)
Boral Ord A$3.8207, 3.84588 (19/2)
Bokit Sembawang 100♦
City Developments S$3.1227 (19/2)
Community Psychiatric Centers $33.577♦
Harland (John H) Co $21.69♦
Keystone International $29.638♦ 30.042♦
Malayan Credit S$1.77 (20/2)
Malaysian Plantations 10♦ (15/2)
National Fuel Gas Co $23.125♦ (15/2)
North Borneo Timbers M$1.41 (20/2)
Northrop Corp £12.88♦ (20/2)
Oil Search A$0.568
Palabora Mining R66.5 (15/2)
Patrick Petroleum $2.975♦ (15/2)
Playmates Hldgs 34
Saab-Scania A SK220 25, 218 5, 219
Selangor Coconuts M$2.0896
Westralian Sands A$1.8934

By Permission of the Stock Exchange Council

EUROPEAN FINANCE & INVESTMENT PORTUGAL

The FT proposes to publish this survey on

23rd April 1991.

It will be of particular interest to the 89% of the Institutional Investors in Europe who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873 3079.

FT SURVEYS

AUSTRIA

The FT proposes to publish this survey on

April 5th 1991.

It will be of particular interest to the 58% of Chief Executives of Europe's largest companies who are regular FT readers. If you want to reach this important audience, call Edward Hugo Financial Times (Germany Advertising) Ltd, Guiollettstrasse 54, D- 6000 Frankfurt am Main 1. Tel: 069 75980 Fax: 069 722677 or Elizabeth Vaughan in London on Tel: 071 873 3472 or fax 071 873 3079.

FT SURVEYS

LONDON STOCK EXCHANGE

Uncertain end to the trading account

London stocks marked time yesterday as a busy account came to a relatively quiet end. The mood was one of uncertainty as the company results season, regarded with apprehension by the market, got under way.

A good early performance from Wall Street failed to compensate for weak financial and utilities sectors in the UK market. The government confirmed its 175p a share price for the flotation of the electricity generating companies, equivalent to a 6.3 per cent yield. Quoted electricity and water companies were floated last year at higher yields and yesterday they ran into profit-taking.

Figures from Lloyds Bank, and particularly the company's gloomy prognosis on current trading, cast a shadow over many financial stocks. Next week sees full-year figures from nine Footsie constituent companies. Even the most bullish fund managers are likely to hesitate before committing new cash to the market until a clearer picture is seen of how the recession is hurting profits.

Account Dealing Dates

*First Dealings:			
Feb 11	Feb 25	Mar 11	
Option Declarations:			
Feb 21	Mar 7	Mar 27	
Last Dealings:			
Feb 22	Mar 8	Mar 28	
Account Day:			
Mar 4	Mar 18	Apr 8	

*New-time dealings may take place from 8.30 am two business days earlier.

Mr Bill Smith at BZW said the results season would transfer attention from the market as a whole, which has been looking cheap on historical measures, to individual companies. Responding to Treasury figures that suggest that government borrowing is more sensitive than previously thought to recession, he also, and perhaps surprisingly, more than doubled his estimate for the PSBR in 1991-2 to £15bn.

But short term doubts over equities did not inhibit longer term bulls of the economy. Mr Paul Walton at James Capel said that US stocks were more than 20 per cent more expensive than their London counterparts. This reflected, he said, Wall Street's trust in the recovery of earnings and UK institutions' pessimism over company results and whether membership of the ERM would delay economic recovery.

Other trends, however, especially rising domestic savings and disposable incomes, and the link between interest rates and consumer confidence, pointed to a sharp rebound or even a consumer boom in the second half, he said.

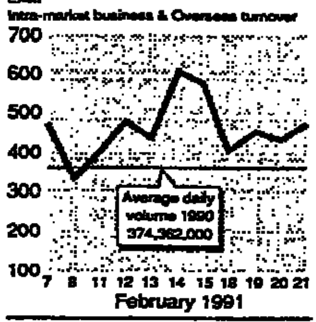
Such thought yesterday were far from the minds of many in the City, whose absence, as a result of the previous night's Society of Investment Analysts' annual dinner, made for a quiet start to trading. The final Seaq turnover of 452.9m was more than 90m down on the previous day. A greater proportion than usual was conducted in the afternoon. The FT-SE index hovered around its opening level and settled at 2314.3, a rise of 1.9 and 17.4 on the week. The index has gained an impressive 3 per cent over the account.

Gilts were similarly subdued, with small gains at the long end and small falls in short dated issues.

● Equity turnover has been steady, if a little lower, this week as institutions took a more selective approach to stock buying than in the previous week's hectic business.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.57	85.72	85.78	85.88	85.72	80.15	85.88 (19/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.18	94.12	94.14	94.23	94.22	89.20	94.23 (19/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1846.7	1844.6	1826.2	1838.5	1842.6	1762.3	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	127.0	130.2	131.7	134.7	134.5	285.6	378.5 (6/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2314.3	2312.4	2296.8	2312.4	2318.3	2236.7	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	1053.96	1047.96	1038.67	1049.57	1047.02	-	1053.96 (22/2/91)	900.45 (14/1/91)	1053.96 (22/2/91)	900.45 (14/1/91)
Ord. Div. Yield	5.21	5.22	5.26	5.21	5.20	4.94				
Earning Yld %(full)	10.86	10.87	10.95	10.86	10.84	11.75				
P/E Ratio(Net)(☆)	11.13	11.13	11.04	11.14	11.16	10.31				
SEAQ Bargns 4.45pm	31,193	29,607	28,731	32,177	33,763	28,383				
Equity Turnover(£m)†	-	989.47	910.20	1002.07	902.99	845.31				
Equity Bargains†	-	30,160	29,059	33,916	32,646	27,441				
Shares Traded (ml)†	-	482.1	444.2	461.9	410.7	407.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 26/10/90. ☆ Nil 10.94

Ordinary Share Index, Hourly changes Day's High 1854.8 Day's Low 1841.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1845.8	1852.1	1854.1	1851.5	1851.9	1848.1	1845.2	1842.4	1844.1

FT-SE 100, Hourly changes Day's High 2323.5 Day's Low 2307.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2312.3	2319.9	2319.8	2318.0	2316.1	2312.7	2310.6	2308.4	2311.5

FT-SE Eurotrack 100, hourly changes Day's High 1054.79 Day's Low 1047.35

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1047.35	1048.35	1049.86	1051.64	1052.37	1052.84	1052.13

GILT EDGED ACTIVITY

Indices*	Feb 21	Feb 20
Gilt Edged Bargains	98.7	100.1
5-Day average	98.4	99.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

GrandMet AGM concern

GrandMet weakened ahead of its annual meeting and as a broker lowered its profits forecast. As bears gained the upper hand, the shares fell 23 to 689p before eventually settling 7 lower at 705p. Tuesday's annual meeting is eagerly awaited and there were suggestions in the market of a downbeat statement.

Adding to the pressure was a £50m reduction to £985m in current year profit estimates by Carr Kitcat & Aitken. Mr Martin Hawkins of Carr said UK retailing was being depressed by the recession, while growth at its US retail optical division was slowing. But Mr Hawkins said £1bn profits this year was still possible.

GrandMet's agreement with Foster's Brewing Group, announced after the market closed, was welcomed by analysts. The £600m net cash inflow from the deal was at the upper end of expectations.

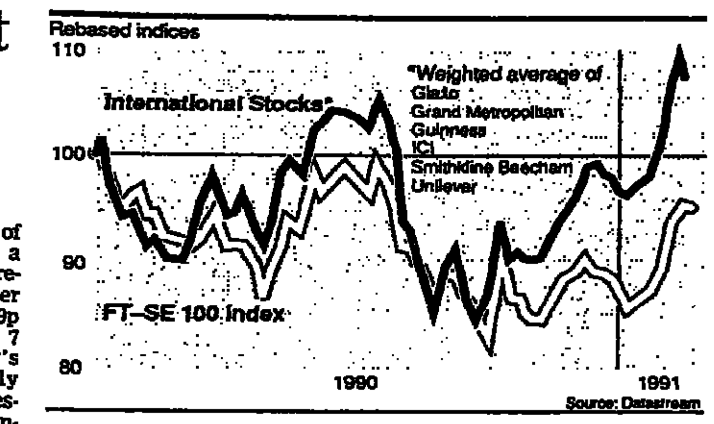
Lloyds lower

The banks' reporting season began with an erratic performance by Lloyds' share price after an early bout of enthusiasm on initial readings of the figures gave way to an abrupt change of view.

The descending gloom surrounding the results and the accompanying sombre appraisal of current year trading given by Sir Jeremy Morse, Lloyds' chairman, unsettled the rest of the bank stocks. Most analysts moved quickly to start reducing their profits and dividend estimates for other banks.

Lloyds initially pushed up to 339p as analysts pinpointed the 15 per cent rise in the dividend, well up to expectations. But closer perusal of the profit numbers and the extent of the bad debt provision, saw the shares driven down hard and finally a net 10 off at 320p, after 319p. Turnover reached 6.8m.

Mr Robert Law of Shearson Lehman said the market was "shaken by the extent of the dramatic deterioration in bad debts," and said he now expected similar things from the other banks. "What makes it worse is that these figures include the first six months period of last year when the UK economy was in reasonably good shape compared with now," he added. Mr Law expected Lloyds' dividend increase "to be the best of the banks."



The institutional rush for big international blue chips came to a halt this week. The desire to minimise risk, even in a rising market, was clear from mid-Autumn. By the time the wider market joined in the rally, Glaxo and Grand Metropolitan were nudging record highs and repeatedly broke new ground for several weeks before profit-takers moved in on Wednesday.

At Daiwa, the Japanese-owned investment house, Mr Mike Fesemeyer maintained that "Lloyds' long-term strategy in financial services should give it greater profitability than its competitors."

NatWest, due to report on Tuesday, lost 11 to 294p on 9.3m while Barclays dropped 5 to 395p on 8.1m. Midland, which reports on March 5, fell away to 169p but rallied to close unchanged at 175p. Standard Chartered, which announces figures on March 15 and is widely believed to be the most vulnerable of the big banks to a dividend cut, lost 11 to 273p.

P & O declines

P & O recorded the second largest decline of a FT-SE 100 index stock as County NatWest lowered its forecasts. The shares fell 11 to 565p having declined 18 at one stage.

County said the impact of the UK economic recession was depressing profitability. Furthermore, P & O's cruising holiday division was being affected by the Gulf war, particularly its Mediterranean cruises. Mr Mark McVicar of County estimated that 15-20 per cent of operating profits came from that area.

County now estimates profits last year of £270m against a previous forecast of £300m, while this year £265m is expected, compared with £305m.

Electricity stocks (discos) gave ground after some large lines of stocks came on offer following confirmation of the 6.3 yield available on the two power generators, PowerGen and National Power, being privatised by the UK government. Yields on the discos are currently in a relatively tight band of 6.1 to 6.6 per cent, with most bunched around the 6.3 mark.

Eastern and East Midland proved especially vulnerable, the latter closing 2 easier at 180p on 2.3m and the former 3½ off at 166p on 3m. Several big lines of stock in both issues were comfortably placed, according to dealers.

Water issues endured more of a struggle, restrained, according to analysts, by the 4.7 to 6.3 per cent yields available. Thames lost 6 to 293p and Anglian 5 to 287p. The Water Package closed 38 off at £2,945.

The second-line oils tended to outshine their larger brethren, which tended to be restrained by further weakness in crude oil prices.

Century Oils, where German group Fuchs Petrolub moved on Thursday to increase its stake to 13.5 per cent and said it may bid for the group, moved up 8 to 112p on turnover of 347,000 shares. Specialists reported that bids in the market for Century stock at 110p were thought to have been on behalf on the German company. "With Century at these levels any move by Fuchs would almost certainly attract counter bidders," said one close observer. Century responded to the Fuchs moves and said it was in Century's best interests to remain independent.

Enterprise, Clyde and Goal Petroleum all responded to a Smith New Court buy recommendation. Smith's exploration and production analyst, Alan Sinclair, said Enterprise represented "the best quality investment in the sector and pointed to its "unsurpassed track record in exploration and on acquisitions." The Smith's analyst said Goal's track record in exploration, "previously unexciting," was now "demonstrably improving." Goal shares added 3 at 83½p.

Royal Insurance rose sharply to touch 449p before coming off the top to end a net 12 firmer at 443p despite a denial by La Fondiaria of Italy that it is about "to offer a premium for its 20 per cent stake in Aachener Münchener." Fondiaria said its holding in Aachener is "around 5.8 per cent."

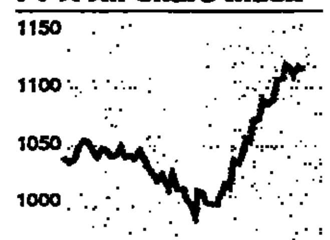
The composite insurers' preliminary reporting season commences on Wednesday with figures from Commercial Union, the only composite expected to report a profit or at worse only minimal losses for the year, and General Accident. General Accident's losses are expected to top £130m, compared with a profit of £147m the previous year. CU eased to 519p and General Accident 5 to 553p.

Pilkington, the glass manufacturer, held at 184p despite news that Flemings Research had sharply downgraded their 1991 profits estimate, from the £195m mark to £155m, and highlighted rising interest charges and an increasing tax charge.

Flemings said Pilkington's earnings "are under severe pressure and seem unlikely to cover the dividend either this year or next." Flemings expects earnings per share to fall from 1990's 25p to 7.5p in 1991 and 7.1p in 1992. The broker is more reassuring on the dividend, and said "the strength of Pilkington's cash flow and a plain determination to cut capital expenditure renders a held dividend tenable."

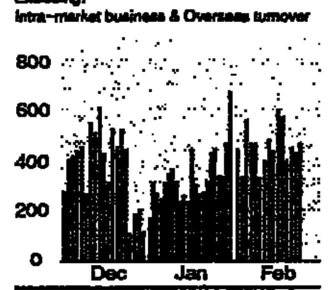
USM-quoted Serif Cowells, the toys and printing group, slumped 17 to 24p as management buy-out talks ended

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Yorkshire Chemicals firmed 2 to 378p as UBS Phillips & Drew placed 6 per cent of the company, or just more than 1m shares, with institutions at 362p. The stake was previously held by Holliday Chemical Holdings.

Choosy buyers yesterday singled out companies with environmental businesses. Rechem added 29 at 644p, Caird firmed 3 to 60 and Shanks & McEwen edged 30 better to 1310p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (54).
CORPORATION LOANS (2) Leeds 13½pc 2006, Manchester 11½pc 2007, **AMERICANS** (2) Gillette, Morris (P.), **BANKS** (2) Lloyds, Provident Fincl., **BREWERS** (3) Greene King, Macdonald Martin A, Wolv. & Dudley, **BUILDINGS** (6) Bellway, Berkeley, Boot (H.), Persimmon, Travis Perkins, Wilson Bowden, **CHEMICALS** (1) Rentokil, **STORES** (4) Courts, Kingfisher, OS, Sherwood, **ELECTRICALS** (5) Domino Printing Sciences, Farnell, Micro Focus, Real Time Cntl., Thorpe (F.W.), **FOODS** (6) Appleby Westward, Booker, Dalepak, Morrison (W.), Do. 5¼pc Rd. Prf., Tesco, **INDUSTRIALS** (6) Baynes (C.), Cape, Fisons, Kalamazoo, Rank Organ. 8¼pc (Net) Cnv. Cm. Rd. Prf., Seton Healthcare, Silentnight, Spring Ram, **INSURANCE** (1) Lloyds Abbey Life, **PAPERS** (2) Printech Intl., Waddington (J.), **SHOES** (1) Lambert Hth., **TRANSPORT** (1) Haye. **TRUSTS** (8) BZW Cnv., Dartmoor, Gartmore Amer. Zero Prf., Gartmore Value Zero Prf., General Cons., River & Merc. Smaller Co's, **SPLIT** Inc., TR Tech. Zero Prf., **WATER** (1) Wessex.

NEW LOWS (35).
BREWERS (1) Hoskins, **BUILDINGS** (3) Cooper Clarke, Shorco, Turriff, **STORES** (1) Liberty, **ELECTRICALS** (2) Circaprint, Denmans, **ENGINEERING** (1) Eadie, **INDUSTRIALS** (4) Beckenham, Chillington, Clearmark, Eurocopy, **LEISURE** (1) Pavilion, **MOTORS** (1) Caffyns, **NEWSPAPERS** (1) Haynes Publishing, **PAPERS** (2) Fitch RS 6pc Cnv. 2007, Unit, **PROPERTY** (1) Hardanger, **TEXTILES** (1) Ingham (G.), **TRANSPORT** (1) Graig, **TRUSTS** (2) Camellia, London Amer. Ventura, **MINES** (13) ACM Gold, Cluff Res., Cluff Oil Wrrnts, Elandsrand, F.S. Cons., Feltrim, Geevor, Harmony, Leslie, Lorraine, Unisel, Plateau, Zandpan.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	1,800	130	-3	Courtaulds	250	362	+2	MEPC	491	521	-2	Smith (W.H.) A	1,600	331	
ASDA Group	1,500	134	-½	Dalgety	100	380	-1	Manpower	137	68		Smith & Nephew	1,400	101½	+½
Abbey National	2,900	245	+2	Dixons	778	169	+1	Manweb	908	200	-1	SmKl Beecham	932	681	
Albert Fisher	325	123	+1	ECC Group	407	388	-1	Marks & Spencer	3,000	242	+4	SmKl Beecham Uts.	219	595	+10
Allied-Lyons	2,500	536	+7	Eastern Elect.	3,000	166	-3½	Maxwell Comms.	407	146	-1	Smiths Inds.	44	355	+4
Amstrad	1,000	68	-1	East Midland Elect.	2,300	180	-2	Midland Bank	3,900	175		Southern Elect.	738	172	-2
Anglian Water	488	287	-5	Enterprise Oil	483	540		Midlands Elect.	1,000	175	-3½	South Wales Elect.	130	185	-2
Argos	379	273	-2	Eurotunnel Units	325	473	+10	NatWest Bank	9,500	294	-11	South West Water	321	300	-1
Argyll Group	2,500	276	+5½	FKI	186	47		Next	4,600	27¼	+½	South West Elect.	229	178	-3
Ass. Brit. Foods	242	481	+2	Ferranti	14,000	11	+1	North West Water	1,500	302	-½	Southern Water	165	280	-5
BAA	2,400	397	+6	Fisons	1,400	427	+4	Northern Elect.	406	189	+1	Standard Chartd.	488	273	-11
BAT Inds.	1,200	666	+1	Gen. Accident	1,000	553	-5	Northern Foods	395	390		Storehouse	305	116	+3
BET	3,600	139	+2	General Elect.	5,800	208	-4	Norweb	1,000	190	+1	Sun Alliance	1,600	367	+2
BICC	1,300	423	+7	Glaxo	1,300	927	-3	Pearson	217	709	+2	Sun Life	0	1123	+20
BOC	236	568	+1	Glynwed Int.	91	242	+1	P & O	3,300	565	-11	T&N	208	171	-2
BPB Inds.	574	209	+2	Granada	181	186	-1	Pilkington	1,100	184		TI Group	210	461	+8
BTR	2,000	380	-3	Grand Met.	3,500	705	-7	Prudential	1,100	222	+1	TSB	1,900	149	
Bank of Scotland	1,300	126	-2	GUS A	168	1192	-3	RHM	1,300	324	+4	Tarmac	2,000	264	-1
Barclays	8,600	395	-5	GRE	1,600	217	+4	RMC	305	721	+5	Tate & Lyle	2,200	325	-2
Bass	880	1022	+20	GKN	859	366	+7	RTZ	1,500	510	+1	Taylor Woodrow	464	262	+3
Beazer	166	129	-1	Guinness	1,130	799	-4	Racal	6,800	198	+4½	Tesco	2,500	248	
Berisford Int.	3,500	76	+1	Hammerson 'A'	108	654	-1	Racal Telecom	2,700	324	+10	Thames Water	1,300	293	-6
Blue Circle	2,300	252	+3	Hanson	4,000	219	+1	Rank Org.	414	731	+12	Thorn EMI	376	680	-1
Boots	1,700	344	-4	Hanson Warrants	148	38	+½	Reckitt & Colman	30	1329	-1	Trafalgar House	5,900	229	-6
Bowater	22	533	+1	Harrisons Crosfield	357	155	-2	Redland	638	539	+3	Trusthouse Forte	914	256	+1
Brit. Aerospace	1,000	554	+2	Hawker Sidd.	98	493	+4	Reed Intl.	268	403	+5	Ultramar	449	317	+1
British Airways	4,900	151	-1	Hillsdown	1,500	208	+1	Reg. Elect. Pkg Uts	13	£1803	-15	Unigate	57	290	+1
British Gas	3,900	231½	-½	IMI	256	237	+1	Reuters	1,100	789	+5	Unilever	1,000	715	-12
British Land	952	323	-4	ICI	742	1021	-1	Rolls Royce	6,300	154½	+1½	United Biscuits	1,700	371	+5
BP	8,700	324	+1	Inchcape	402	292	+4	Rothmans	32	785	+2	Utd. Newspapers	23	336	+2
British Steel	13,000	128	-1½	Kingfisher	854	408	+7	Ryl Bk Scotland	1,000	188	+1	Water Package Uts.	2	£2945	-38
British Telecom	7,100	305	+1	Ladbroke	1,600	269	+2	Royal Insurance	2,300	443	+12	Wellcome	724	497	-3
Bunzl	527	80		Land Securities	536	542	-2	Saatchi	13,000	17½	+¾	Welsh Water	385	318	-2
Burmah Castrol	275	551	-1	Laporte	21	542	-6	Sainsbury	314	333	-1	Wessex Water	816	347	
Burton	220	90	+1	Legal & General	1,600	416	+4	Scottish & New.	182	391	+3	Whitbread 'A'	1,500	485	+8
Cable & Wire.	1,600	515	+1	Lloyds Abbey	1,200	391	+7	Sears	3,200	93		Wiggins Teape	2,700	202	+1
Cadburys	3,000	362	+1	Lloyds Bank	6,800	320	-10	Sedgwick	1,500	230	-10	Williams Hldgs.	2,100	269	+2
Calor Group	13	225		LASMO	1,000	348	-1	Seeboard	539	174	-1	Willis Corroon	1,400	278	
Carlton Comms.	1,600	393	+4	London Elect.	1,500	181	-2	Severn Trent Water	511	273	-3	Wimpey	82	190	
Coats Viyella	3,200	117	-5	Lonrho	1,700	223	+5	Shell Transport	2,800	481	+1	Yorkshire Elect.	903	181	-2½
Comm. Union	826	519	-1	Lucas	1,500	157	+1	Siebe	1,000	378	+19	Yorkshire Water	272	307	-3
Cookson	1,800	120	-1	MB Caradon	756	186	+1	Slough Ests	87	251	-3				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES REVIEW

UK stock index futures ended the week having failed to pull the underlying share market higher as larger institutional investors largely avoided London derivatives, preferring instead European futures.

During the week, London derivatives made several attempts to break through index points that technical analysts believe are important. The crucial test came as French and German futures markets were rallying and the March FT-SE 100 index was attempting to move significantly above the 2,350 level.

But with equity traders still nervous about the UK economy and institutions unwilling to commit themselves, the futures market lacked support and backed away from that important level. From that point on, stock futures spent the rest of the week consolidating between 2,320 and 2,345. At yesterday's close March was at 2,338, up 4 and 10 up on the previous Friday's close.

However, the signs yesterday were that pressure was building up in the futures market for another attempt to move higher. The premium difference between the March Footsie contract and the spot index widened to 26 points from 22 at the previous close.

Brokers calculate that once an estimate of future dividend payments and the cost of finance is taken into consideration, March's fair value premium should be just 9 points. From Monday the premium will narrow to 6 points as a new stock exchange account begins.

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday 21 February 1991

Electronics	+	17.86	Food Retailing	+	9.27
Chemicals	+	16.15	Banks	+	9.18
Electricals	+	15.01	Engineering-General	+	9.10
Conglomerates	+	14.88	Financial Group	+	9.09
Insurance(Composite)	+	13.44	Food Manufacturing	+	8.83
Electricity	+	12.59	Motors	+	8.66
Other Industrial Materials	+	12.32	All Share Index	+	8.07
Merchant Banks	+	12.00	500 Share Index	+	7.85
Building Materials	+	11.82	Consumer Group	+	7.43
Packaging & Paper	+	11.79	Stores	+	7.07
Capital Goods	+	11.52	Transport	+	6.05
Other Groups	+	11.45	Hotels & Leisure	+	5.83
Insurance(Life)	+	10.59	Media	+	5.33
Water	+	10.36	Property	+	5.02
Textiles	+	10.25	Brewers and Distillers	+	4.34
Metals & Metal Forming	+	10.07	Business Services	+	4.18
Contracting,Construction	+	9.70	Engineering-Aerospace	+	2.58
Investment Trusts	+	9.54	Insurance(Brokers)	+	1.55
Industrial Group	+	9.51	Oil & Gas	-	1.63
Telephone Networks	+	9.40	Gold Mines Index	-	15.78
Health & Household Products	+	9.28			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-28	-02/32	10.75	10.87	11.45
		9.000	03/00	94-16	-01/32	9.94	9.94	10.29
		9.000	10/08	94-02	-04/32	9.70	9.68	9.99
US TREASURY *		7.750	02/01	99-05	+08/32	7.87	7.79	8.05
		7.875	02/21	98-04	+09/32	8.04	7.98	8.23
JAPAN	No 119	4.800	6/99	89.8955	-0.042	6.69	6.64	6.84
	No 129	6.400	03/00	100.3455	-0.058	6.34	6.26	6.54
GERMANY		9.000	01/01	104.5300	+0.050	8.31	8.23	8.86
FRANCE	BTAN	9.000	02/96	98.9248	+0.037	9.27	9.25	9.98
	OAT	9.500	01/01	103.1500	+0.070	9.00	9.02	9.64
CANADA *		10.500	03/01	105.5500	-0.200	9.62	9.50	10.08
NETHERLANDS		9.250	11/00	104.3600	-0.050	8.57	8.52	9.11
AUSTRALIA		13.000	07/00	109.0161	+0.084	11.40	11.58	11.92
BELGIUM		10.000	08/00	104.6500	-	9.23	8.91	9.68

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Precious metal prices on the slide

GROWING HOPES that the Gulf conflict might be nearing its conclusion added to the price pressure on precious metals markets this week. At the London bullion market the gold price dipped below $360 a troy ounce for the first time since last July, while silver's price set a fresh 17-year low and platinum's a fresh five-year low.

The nervousness displayed by the gold market early in the week was not helped by Baghdad apparently blowing hot and cold on the Soviet peace plan. But President Bush's response yesterday to the Moscow formula had little market impact.

Despite its low price level gold is still assumed to be carrying a war premium, reflecting its status as a "safe haven" in times of trouble, so analysts are generally agreed that an end to the war would be likely to bring an immediate price fall. But at least one pundit, Ms Rhona O'Connell of the Shearson Lehman Brothers financial services group, believes that in the longer term peace could boost demand for gold as the migrant workers move in to start rebuilding the war-torn countries. "One of their first purchases," she said, "is always gold bullion."

Ms O'Connell expects the price to recover from the present depressed level, aided by a drop in the supply surplus from 400 tonnes in 1990 to about 200 tonnes this year. She predicts that the 1991 average will be about $390 an ounce, $20 below her forecast at the end of last year but more than $30 above yesterday's bullion market close of $358.75 an ounce, down $5.70 on the week.

Soviet selling in 1990 was one of the factors weighing on the gold market and a statement this week by Mr Konstantin Katushev, the Foreign Economic Relations Minister, that the Soviet Union had "placed on the market" 234 tonnes of gold to pay for food imports was in line with previous information, analysts said. However, the total received, 1.638bn roubles, translates at the official rate of exchange to $345 an ounce, well below the market average last year of $383.50. "If these were outright sales this would not make sense," said Mr Andy Smith, analyst with Union Bank of Switzerland. "It would suggest that someone, somewhere is making a lot of money from Soviet activity in the gold market! More likely these were gold swaps, executed below market price in line with normal practice in these transactions."

Silver's status as a precious metal has been called into question recently because of the growing importance of industrial demand, particularly from the photographic sector, and declining interest from investors. But its price still seems to be following gold's, on the downside at least. An 8 cent fall yesterday left the cash price 21.35 cents down on the week at 360.50 cents a troy ounce.

Platinum, also seen increasingly as an industrial metal because of its growing dependence on motor industry customers for automotive exhaust catalysts, fared little better. The cash price finished the week $10.45 down at $380.15 an ounce.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+8,425	to 314,375
Copper	+1,050	to 196,450
Lead	+4,300	to 72,700
Nickel	+798	to 9,732
Zinc	-1,375	to 56,500
Tin	+1,160	to 20,490

At the London Metal Exchange this week no overall pattern was apparent. Copper prices continued the recent cautious rally and aluminium and tin prices also gained ground. But the other base metals all registered moderate losses.

Copper's rise featured nearby demand, as was reflected in the re-establishment of the backwardation (premium for cash metal over forward delivery). Cash copper closed yesterday at £1,283 a tonne, up £42 on the week, while the three months position was up only £12 at £1,257.50 a tonne. That completed a four-week run of rises that has lifted the cash price by nearly £100 a tonne.

The strongest performer at the London Futures and Options Exchange this week was the coffee market, but after a long period in the doldrums traders were not getting too excited. They saw the rise, which by Thursday's close had added £27 to the May delivery position, as resulting from the absence of major selling rather than the appearance of significant buying. But after the triggering of stop-loss "buy" orders added to the advance towards the end of the week enough selling emerged to halt the rise. Yesterday the May position surrendered £12 to end the week £15 up on balance at £549 a tonne.

In New York frozen concentrated orange juice futures fell quite sharply after last weekend's cold snap in Florida proved short-lived.

Richard Mooney

APPOINTMENTS

Senior posts at Meyer International

■ Mr Richard Jewson *(pictured left)*, deputy chairman and group managing director, becomes chairman of MEYER INTERNATIONAL on September 30, when the present chairman, Sir Oscar DeVille, retires. At the same time Mr John Dobby *(right)*, who has been responsible for the forest products and European operations, will become group managing director. Sir Allen Sheppard, chairman and chief executive of Grand Metropolitan, and a non-executive director of Meyer since 1989, has been appointed non-executive deputy chairman.

■ CHARLES CHURCH DEVELOPMENTS has promoted Mr Stewart Baseley from land director to chief executive, and Mr John Wood to deputy chief executive.

■ PRICE WATERHOUSE has appointed partner Mr Graham Ward as director of electricty services, Europe, promoting the group's services to the European electricity industries.

■ THE COMMISSION FOR NEW TOWNS has appointed Mr John Walker as general manager. He is deputy general manager of Milton Keynes Development Corporation. He will succeed chief executive Mr David Woodhall in April next year.

■ TM GROUP has appointed Mr Ian McFarlane as development director, Europe. He joined the group in 1976.

■ UNISYS has appointed Mr Iain Davidson as director of its financial systems division. He was vice president, European operations, Convex Computer Corporation, and succeeds Mr Alastair Taylor who has moved to Unisys Corporation in the US to become vice president, financial services marketing, worldwide.

■ SOUTHERN ELECTRIC has appointed Mr Edward Hyams as quality manager to review the service it delivers to customers. He was engineering manager, Thames division.

■ CACI has appointed Ms Alice Smith as director of commercial and legal affairs and company secretary. She was director of legal affairs at Atlantic Computers.

■ LINK INTERCHANGE NETWORK has appointed Mr Jim Nix *(pictured left)* as general manager, planning and project control. He joins from Girobank, where he was manager, consumer electronic banking. Ms Eithne Cryan *(right)* becomes settlements and administration manager, responsible for the fee and transaction settlements for LINK switch use. Transactions are now running at 75m/year.

■ Mr Ian J. Orrock has been appointed chairman and chief executive of FOBEL INTERNATIONAL, and Mr Pelham B. Allen becomes group finance director. Mr Alan Leboff has retired as chairman because of ill-health. Mr Howard Creme, a non-executive director, has resigned.

■ STURGE LLOYD'S AGENCIES has appointed to the board: Mr Simon Edwards, managing director, Sturge Marine Syndicate Management; Mr Terry Hayday, chairman, and Mr Patrick Plaisted, managing director, Sturge Non-Marine Syndicate Management; Mr Peter Wilby, chairman, Oxford Syndicate Management; and Mr Warwick Womack, group personnel director.

Blenheim changes

■ BLENHEIM GROUP, conference and exhibitions organiser, has appointed Mr Philip Soar as group managing director, and Mr Lawrie Lewis, who was group chief executive, becomes deputy chairman. Mr Tony de Angeli has been made a non-executive director. Mr Stephen Halstead, a non-executive director, has resigned. Mr Soar is chief executive of the group's UK operations, a post he will retain. Mr de Angeli is managing director of 'The Grocer.'

■ THE PHOENIX PARTNERSHIP has appointed Mr David Gregson and Mr Hugh Lenon as the management team of Phoenix Fund Managers. They were responsible for the unquoted portfolio of Globe Investment Trust. Mr Philip Dunne and Mr Mark Rosen join Phoenix Securities. Mr Dunne was a director of corporate finance with James Gulliver Associates, and previously at S.G. Warburg & Co. Mr Rosen was at Hill Samuel before acting as corporate development manager for WPP Group.

■ Mr Colin Gillespie has been appointed Manchester regional director of BARCLAYS DE ZOETE WEDD from March 1. He succeeds Mr Magnus Mowat who is retiring but continues as an adviser.

■ Mr Philip R. Noot has been apppointed to the main board of HARDANGER PROPERTIES.

W.I. CARR (INVESTMENTS) has appointed Mr Fred Carr *(pictured)* as chief executive. He joined the company last June as director of business development, prior to which he was marketing director at Capel-Cure Myers. Mr Carr succeeds Mr John Yeldham who wishes to relinquish his executive responsibilities to concentrate on looking after his clients. The company is part of Banque Indosuez Group.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
[illegible]						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Martin Currie Unit Trusts Ltd (0905)H						
48 Melville St, Edinburgh EH3 7HF Dlng:031-220 4924						
Far East (Pacific) ♦	5¼	87.47	87.47	92.85	-1.05	0.45
Income & Growth	5¼	56.34	57.50xd	61.03	+1.66	5.35
European (z) ♦	5¼	52.44	53.11xd	56.37	+1.18	1.26
Nth American (z)	5¼	31.75	31.75	33.70	-0.41	1.56
Intl Growth (9-1)	5¼	55.40	56.40	59.87	-0.22	0.84
UK Growth	5¼	49.59	49.59	52.64	+0.62	2.72
Intl Income	5¼	45.04	45.48	48.28	+0.31	6.18
High Yield	5¼	43.38	44.06xd	46.77	+1.16	7.36
Charities	5¼	86.56	87.90xd	93.31	+0.87	6.00
Japan	5¼	36.49	36.49	38.73	-0.11	-
Matheson Unit Trust Managers Ltd (1200)H						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
UK Growth (14-1)	6	62.72	64.24	68.71	+0.67	3.59
UK High Income	6	32.96	33.40	35.72	+0.83	5.66

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
Avon Equity	6	84.81	86.29xd	91.80	-0.11	3.92
NM Unit Trust Mngrs (1200)H						
The Bilton Centre, North Harbour, Portsmouth						
Enquiries: 0705 372222 Dealing: 0705 387730						
American ♥	5¼	27.68	27.68	29.52	+0.02	1.73
(Accum Units) ♥	5¼	29.62	29.62	31.59	+0.02	1.73
Australian ♥	5¼	146.60	147.70xd	158.40	+1.70	3.47
(Accum Units) ♥	5¼	165.10	166.30	178.40	+1.90	3.47
Conscience	5¼	46.51	47.36	50.54	+0.09	1.54
(Accum Units)	5¼	48.78	49.67	53.00	+0.09	1.54
European	5¼	134.90	134.90	143.80	+1.40	1.08
(Accum Units)	5¼	142.40	142.40	151.80	+1.60	1.08
Extra Income	5¼	62.03	62.03	66.20	-0.09	9.23
(Accum Units)	5¼	83.57	83.57	89.18	-0.13	9.23
Far East Gth Acc ♥	5¼	101.10	101.10	108.00	+0.38	0.29
Gilt & F.I.	5¼	51.40	51.40xd	54.41	-0.04	9.21
(Accum Units)	5¼	108.20	108.20	114.40	-0.10	9.21

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 — 379 — 0444.

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TSB Unit Trusts (1200)H

Charlton Pl, Andover, Hants SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	115.11	115.9	123.29	-0.16	0.49
Do Accum	6	125.82	126.66	134.77	-0.18	0.49
TSB Brit Growth	6	68.49	69.52	73.95	-0.06	3.59
Do Accum	6	75.73	76.86	81.76	-0.07	3.59
TSB European	6	70.31	70.76xd	75.27	-0.42	1.1
Do Accum	6	72.86	73.33xd	78.0	-0.43	1.1
TSB Extra Income	6	149.76	153.16xd	162.93	-2.32	5.47
Do Accum	6	215.99	220.88xd	234.97	+3.63	5.47
TSB Smaller Cos	6	39.44	41.03	43.64	-0.28	2.78
Do Accum	6	41.36	43.02	45.76	+0.3	2.78
TSB General	6	208.5	208.9xd	222.8	-0.01	3.97
Do Accum	6	389.04	389.84xd	413.87	-0.03	3.97
TSB Premier Income	5	43.28	43.91xd	45.73	-0.24	8.98
Do Accum	5	77.45	78.58xd	81.85	-0.08	8.98
TSB Income	6	281.25	286.66	304.95	-0.08	5.4
Do Accum	6	522.85	532.9	566.91	-0.36	5.4
TSB Pacific	6	203.64	207.04	220.25	+1.12	0.25
Do Accum	6	211.09	215.42	229.17	+1.37	0.25
TSB International	6	356.35	356.35	379.09	-0.73	1.05
Do Accum	6	457.08	457.08	486.25	-0.94	1.05
TSB Nat Resources	6	54.42	55.49	59.03	+0.6	1.32
Do Accum	6	59.05	60.2	64.04	+0.7	1.32
TSB Stead Opps	6	73.3	74.98	79.76	+1.27	3.52
Do Accum	6	87.48	89.48	95.19	+1.5	3.52
Environmental Inv	6	43.31	44.04xd	46.85	-0.12	2.35
Do Accum	6	44.69	45.44xd	48.33	-0.12	2.35
TSB Selector	6	44.95	45.67	48.58	-0.12	4.22
Do Accum	6	46.3	47.05	50.05	-0.11	4.22
TSB High Income	6	48.19	49.07	52.2	+0.14	6.03
Do Accum	6	49.48	50.38	53.59	+0.15	6.03
TSB Intl Income	6	48.86	49.2	52.33	-0.02	6.78
Do Accum	6	48.86	49.2	52.33	-0.02	6.78
TSB Selector Income	6	48.02	48.6	51.7	-0.05	6.38
Do Accum	6	48.02	48.6	51.7	-0.05	6.38

Target Trust Mngrs Ltd (1600)F

Target Hse, Gatehouse Rd, Aylesbury, Bucks
Admin: 0296 394000 Dealing: 0296 312156

American Eagle	5	67.72	67.72	72.17	+0.33	1.18
Australia	5	5.303	5.303xd	5.68	-0.12	4.70
Equity	5	152.0	152.0	163.1	-	4.91

M & G Securities Ltd

	Bid Price	Offer Price
Charibond	101.4	101.4xd
(Accum Units)	552.2	552.2
AAAGF Feb 19	-	41.3xd

Morgan Grenfell Unit Trust Managers Ltd

Exempt Funds

	Bid Price	Offer Price
UK Equity • Feb 19	121.2	129.9
UK Small Co • Feb 19	440.9	477.9
Fixed Interest • Feb 19	105.8	111.3
US Small Co Feb 19	124.4	132.9
Managed Feb 19	101.1	107.6
Intl Bond Feb 19	111.9	118.0
Japan Feb 19	70.00	74.87
European Feb 19	82.91	88.70
Nth American Feb 19	92.16	97.85

Murray Johnstone UT Mngmt

Murray Exempt Funds

	Bid Price	Offer Price
Amer Expt Feb 20	43.97	45.73xd
Euro Expt Feb 20	48.25	50.67xd
Fixed Int Ex Feb 20	46.72	47.87
Japan Expt Feb 20	44.39	46.16
Managed Ex Feb 21	41.47	43.14
SE Asia Expt Feb 20	61.81	64.89
Sm Cos Expt Feb 20	28.45	29.87
UK Eqty Ex Feb 20	38.18	40.08xd

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price
Small Cos Feb 5	570.0	609.8xd
Do Accum	640.3	684.9
UK Expt Feb 20	160.8	165.6
UK Index Feb 5	1013	1030
Do Accum	1083	1101
Convertible Feb 15	86.61	89.36
Kaiser UK Index Feb 18	727.6	737.2
Do Accum	727.6	737.2
Japan Index Feb 18	591.2	599.4
Do Accum	592.7	600.8
USA Index Feb 18	848.0	853.9
Do Accum	868.9	874.8

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	97.7	102.8	+0.1	-
Pension Managed Fd	93 6	98 5		-
Life Deposit Fd	104.7	110 2		-
Pension Deposit Fd	108 7	114 5		-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395579

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	109 1	112 7	+0 2	-
Managed Growth	125 6	137 3		-
Managed Opportunity	121.5	133 6	-0 3	-
NFMC Target Financial	93 7	100 8	+0 1	-
Pension Funds				
Managed Cautionary	111 6	122	+0 2	-
Managed Growth	131.5	144 6		-
Managed Opportunity	124 2	135 8	-0.3	-
NFMC Target Mngd Pens	1388	1508 7	-2 4	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	150 7	158 7		-
UK Equity	156 4	164.5		-
Overseas Equity	124 6	131.2		-
Fixed Interest	143.1	150.7		-
Property	130 7	137.6		-
Index Linked	145 4	153 1		-
Deposit	150 9	158 9		-
With Profits (B)	126.3	133 0		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	325.9	343 1	+0.1	-
UK Equity	409 6	431 2	+0 1	-
Overseas Eq	311.1	327 5	+0 4	-
American	242.7	255.5	+0.3	-
Far East	324.3	341 4	+0 1	-
Property	194 0	204 3	+0 1	-
Fixed Int	254 7	268 2	+0 1	-
Indexed Gilt	150.7	158 7	-0.5	-
Deposit	176 9	186.3		-
Pension Fund (Accum Units)				
Managed	456 4	480 5	+0 3	-
UK Equity	531 0	559 0	+0 6	-
Overseas Eq	514 8	541 9	+0 3	-
American	317 0	333 7	+0 2	-
Far East	545.9	574 7	-1.5	-
Property	242 9	255 7	+0 1	-
Fixed Int	313 0	329 5	+0 3	-
Indexed Gilt	166 1	174 9	-0 6	-
Deposit	245 8	258 8	+0 1	-
NPI Pensions Management Ltd				
Managed Fund	946 4	963 3		-

Prices Feb 1 Next dealing Mar 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	67 3	70 8	+0 1	-
Stock Market Mngd Fund	64 5	67 9	+0 2	-
Equity Fund	73 1	76 9		-
International Fund	56 6	59 5	+0 1	-
European Fund	63 1	66.5	+0 6	-
North American Fund	60 5	63 7	+0 1	-
Pacific Fund	60 6	63 7		-
Property Fund	85 8	90 3		-
Fixed Interest Fund	57 9	61 0		-
Index Linked Sec Fund	61 1	64 4	-0 1	-
Deposit Fund	67 9	71 5		-
NUAM Retirement Plans				
Mixed Fund	72 9	76 7	+0 1	-
UK Ordinary Share Fd	84 5	89 0	+0 2	-
International Fund	60 4	63 6	+0 2	-
Property Fund	82 9	87 3		-
Fixed Interest Fund	69 7	73 4	-0 1	-
Index Linked Sec Fund	64 8	68 2	-0 1	-
Deposit Fund	79 6	83 8		-
NUAM (NF)				
Managed Fund	947 4	997 3	+0 8	-
Equity Fund	1996 0	2101 1	+1 5	-
International Fund	149 5	157 4	+0 4	-
Property Fund	543 5	572 0		-
Fixed Interest Fund	434 3	457 2	-0 6	-
Index Linked Sec Fund	62 3	65 6	-0 1	-
Deposit Fund	279 4	294 2	+0 2	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	146 0	154 0	+0 5	-
Accum Equity	206 5	218.0	+1.0	-
Accum Managed	213 5	225 0	+0 5	-
Accum Five Star	157 5	166.5		-
Accum World	114 0	120 5		-
Accum Lifetime	106 0	106.0	+0.3	-
Pens Acc Equity	220 5	232 5	+1 5	-
Pens Acc Managed	261 0	275.0	+2.5	-
Pens Acc Intl	187 5	198 0		-
Pens Acc Deposit	192 0	202 5		-
Pens Acc Five Star	169 0	178 5	-0 5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	210 1	221 7	+0 8	-
UK Fixed Int Acc	168 2	177 5	-0 2	-
Intl Equities Acc	160 4	169 3		-
UK Managed Acc	163 6	172 5	+0 2	-
Property Acc	226 3	238 8		-
Money Acc	126 0	133 0	+0 1	-
Special Market Acc	123 7	130.5	-0 3	-
Japan Equity Acc	97.1	102 5	-0 4	-
North American Acc	91 9	97 0	-0 4	-
Pacific Acc	82.4	87 0	-0 1	-
Technology Acc	101 9	107 5	-1 0	-
Nat Resources Acc	47 8	50 5	-0 3	-
European Acc	95 8	101 1	+0 6	-
Residential Prop Acc	95 7	101.0		-
Swiss Equities Acc	34 0	35 9	+0 4	-
Hong Kong Acc	52 3	55 2	-0 1	-
UK High Inc Eq Acc	69 8	73 7	+0 1	-
Int Fixed Interest Acc	54.6	57 6		-
Int Managed Acc	52.9	55 8		-
HIP Managed Acc	105 2	110 9	+0 2	-
HIP Managed II Acc	92.5	97.5		-
HIP Managed III Acc	-	-		-
Total Investment Bond				
UK Equity Initial	143 6		+0 6	-
UK Fixed Int Initial	115 1		-0 1	-
Intl Equities Initial	109 0			-
UK Managed Initial	111.9		+0 1	-
Property Initial	156 0			-
Money Initial	86 6			-
Special Market Initial	96 6		-0 1	-
Japan Equity Initial	75 8		-0 3	-
North American Initial	71.7		-0 3	-
Pacific Initial	64.3		-0 1	-
Technology Initial	79 4		-0 8	-
Nat Resources Initial	37.3		-0 2	-
European Initial	86.3		+0 6	-
Residential Prop Init	91 9			-
Swiss Equities Initial	32 7		+0 4	-
Hong Kong Initial	50 2			-
UK High Inc Eq Init	67 0		+0 1	-
Int Fixed Interest Init	53 0			-
Int Managed Init	51.5		-0.1	-
HIP Managed Init	102 7		+0 1	-
HIP Managed II Initial	91 5		-	-
HIP Managed III Init	-			-
Broker Funds				
High Performance	66 1	69 7	-0.3	-
Tessera Mngd Fd Acc	46 5	49 0	+0 3	-
PRB Enterprise Fd	95 5	90 1	-0 1	-
G Global Growth Acc	117 7	124 1		-
[illegible]	136 6	144 0	+0 1	-
[illegible] Balanced		50 3	+0 1	-
H F Speculator Fd		119 1	-1.3	-
PEP Accum II		107 2	+0 8	-
PEP Cautionary		68.3	+0 1	-
[illegible] Mngd Fund		116 6	+0 1	-
[illegible]		79 1	-0 3	-
Individual Pension Funds				
UK Equity Acc	230 7	243 4	+1 1	-
UK Fixed Interest Acc	211 4	223 0	-0 3	-
Intl Equities Acc	206 5	217 9		-
UK Managed Acc	178 2	187 9	+0 3	-
Property Acc	201 9	213 0		-
Money Acc	156 5	165 1	+0 1	-
Special Market Acc	194 7	205 4	-0 5	-
Japan Equity Acc	154 0	162 5	-0 7	-
North American Acc	113 6	119 9	-0 6	-
Pacific Acc	154 0	162 5	-0 3	-
Technology Acc	126 7	133 7	-1 6	-
Natural Resources Acc	73 3	77 4	-0 4	-
European Acc	109 8	115 9	+0 8	-
Residential Prop Acc	102 1	107 8		-
Swiss Equities Acc	34 1	36 0	+0 5	-
Hong Kong Acc	53 0	56 0	-0 1	-
UK High Inc Eq Acc	76 [illegible]	80 4	+0 2	-
Int Fixed Interest Acc	59 3	62 5		-
Int Managed Acc	53 8	56 7		-
Group Pension Funds				
Equity Acc	727 7	750 3	-0 5	-
Fixed Interest Acc	622 6	641 9	+2 6	-
Managed Acc	126 3	129 8	-0 1	-

Royal Heritage Life Assurance Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Unit Trust Funds				
Gartmore Global Ser B	146 1	153.8	-1 5	-
Gartmore NA Ser B	89 7	90.3	-1.2	-
Gartmore Pacific Ser B	219.2	230.8	-1.8	-
Henderson Acc Ser B	172.5	181 6	-0.4	-
Perpetual Mng Ser B	172 7	181.8	-0 6	-
Framlington Gth Ser B	159.2	167 6	-0 6	-
Gartmore Mngd Ser B	191.8	201.9	+0.7	-
Gartmore Euro Ser B	138 7	146.0	-0 7	-
Gartmore Global Ser D	92.7	92 7	-1 0	-
Gartmore NA Ser D	98 1	98 1	-1 4	-
Gartmore Pacific Ser D	116.3	116.3	-0.9	-
Henderson Acc Ser D	128.8	128.8	-0.3	-
Perpetual Mng Ser D	127.5	127.5	-0.4	-
Framlington Gth Ser D	128 5	128 5	-0 4	-
Gartmore Mngd Ser D	159 2	159.2	+0.6	-
Gartmore Euro Ser D	107 2	107 2	-0 5	-
Baring Funds				
Australia	59 7	62.8	+0.8	-
Eastern	202.8	213.5	+0.3	-
European Smlr Cos	137 4	144 6	+0 5	-
Japan Sunrise	112.0	117.9	-1.0	-
Managed	123 4	129.9		-
MIM Britannia				
European Smaller	120 8	127.2		-
US Smlr Co's	92.7	97 6	+0.3	-
Extra Inc	136 1	143 3	+0 7	-
Sth & East Asia Gwth	159 8	168 2	+0 9	-
Gold	26 2	27.6		-
Inc Growth	250 6	263 8	+1 9	-
Japan Perf	219 5	231 1	-0.7	-
Japan Smlr Cos	177.3	186 6	-1 2	-
Nat High	215 1	226 4	+1.5	-
Prop Shares	129.3	136 1	+0.5	-
Smaller Cos	165 9	174 6	+1.7	-
Man Growth	184.7	194 4	+0 8	-
Gilt	70 3	74.0		-
Gartmore Funds				
American	141 4	148 8		-
British	240.1	252 7		-
European	165 5	174.2	+0 5	-
Extra Inc	181.6	191 2	+0.3	-
Frontier Markets	108 3	114 0	+0 4	-
Intl Fixed Interest	85 7	90 2		-
Gold Intl Resources	44 8	47 2		-
High Inc	238.4	250 9		-
Hong Kong	132 7	139 7	-0 6	-
Income	319 3	336 1	+0.3	-
Japan	294.4	309 9	-1 4	-
UK Smlr Cos	213.0	224.2	+0 8	-
Man Gth	302.2	318 1	+0 3	-
Gartmore Funds (formerly Queensbelvue)				
Global Inc & Gwth	109.1	114 8	-0.1	-

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

	Bid Price	Offer Price	+ or -	Yield Gross
Inv Pol 1 Feb 22	677.1	677 1	+7 6	-
Inv Pol 2 Feb 22	621 0	653.8	+7.3	-
Inv Pol 3 Feb 22	598.6	630.2	+7.0	-
Inv Pol Cash Ser 2 Feb 22	253 9	267.3	+0 5	-
Inv Pol Cash Ser 3 Feb 22	252.2	265 6	+0.5	-
Mixed Fund	334 0	351 6	+1 3	-
Equity Fund	402.9	424.2	+3 2	-
Property Fund	218 1	229 6		-
International Fund	323.1	340.4	-0.3	-
Fixed Int. Fund	249.8	263 0	+0.2	-
Index Stk. Fd	151.5	159.6	-0 1	-
Cash Fd	183.1	192 9	+0 1	-
Pens. Mixed Fd. Ord	423.1	445.5	+2.4	-
Pens. Equity Fd. Ord	507.0	533.7	+5.1	-
Pens. Prop. Fd. Ord	276.4	291.0		-
Pens Int. Fd. Ord	386.8	407 3	+0.1	-
Pens.Fxd.Int.Fd.Ord	350.1	368 6	+0.3	-
Pens Ind Stk Fd Ord	174 0	183 2	-0 1	-
Pen Cash Fd Ord	267.7	281.9	+0.1	-
PM Man	1926 9	1926.9	+8.5	-
PM Sc Ex	1977.5	1977 5	+9 4	-
PM Property	271 0	271 0		-
PM Pens Protection	137.1	137.1	+0 2	-
PM Cash	300 4	300 4	+0 1	-

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS 081-567 0700

	Bid Price	Offer Price	+ or -	Yield Gross
Shield Life Mngd	116 0	122 1	+0.3	-
Shield Pensions Mngd	119.5	125.7	+0 4	-
Shield Secure	112.6	118.5		-
Shield Secure Pens	123 6	130.1		-
Shield Brunel	111.1	116 9	+1 7	-
Shield Brunel Pens	116.2	122.3	+2.0	-

Skandia Life Assurance Co Ltd (z)
Frobisher Hse, Nelson Gte, Southampton 0703 334411
Skandia Price Line 0800 181396

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Life Managed Funds				
Balanced Managed	264 5	278 4	-0 4	-
Cautious Managed	100.8	106 1	-0.3	-
Deposit	218.3	229 7		-
Equity	306 9	323 0	+0 6	-

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

MANAGEMENT SERVICES

Chase de Vere PLC
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

	Bid Price	Offer Price	+ or -	Yield Gross
New Trust Fd	99 2	104 4	-0 1	-
Safeguard Fd	94 7	99.7	-0.1	-
United Kingdom Fd	143.2	150.5	+0.8	-
Worldwide Fd	105.5	111.0	-0 2	-

ECU Futures Plc

	Bid Price	Offer Price	+ or -	Yield Gross
ECU Omega Funds		174.0	+4.0	-
ECU Reyco		92.0		

Edinburgh Money Management Ltd
41a Charlotte Square, Edinburgh EH2 4HQ 031 220 1244

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey

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IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

CANADA (3:00 pm)

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

JAPAN

[illegible]

INDICES

NEW YORK

DOW JONES	Feb. 21	Feb. 20	Feb. 19	Feb. 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2891.83	2899.01	2932.18	(c)	2934.65 (15/2)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	94.39	94.45	94.79	(c)	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 1/10/81)
Transport	1116.89	1113.89	1118.83	(c)	1127.12 (11/2)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.11	215.73	216.11	(c)	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2927.72 (2923.76) Low 2871.29 (2879.46)

STANDARD AND POOR'S

	Feb. 21	Feb. 20	Feb. 19	Feb. 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	364.97	365.14	369.39	(c)	369.39 (19/2)	311.49 (9/1)	369.06 (15/2/91)	4.40 (1/6/32)
Industrials	431.51	432.01	436.58	(c)	436.58 (19/2)	364.90 (9/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	27.84	27.70	28.28	(c)	28.80 (13/2)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	199.27	199.26	201.40	(c)	201.40 (19/2)	170.97 (9/1)	201.29 (15/2/91)	4.46 (25/4/42)
Amex Mkt. Value	341.75	341.99	343.70	(c)	343.70 (19/2)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	446.38	446.02	450.32	(c)	450.32 (19/2)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb. 15	Feb. 8	Feb. 1	year ago (approx.)
Dow Industrial Div. Yield	3.44	3.57	3.70	4.14

	Feb. 20	Feb. 13	Feb. 6	year ago (approx.)
S & P Industrial div yield	2.19	2.91	3.01	3.15
S & P Indl. P/E ratio	17.77	17.89	17.39	14.12

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
R J Nabisco	5,970,200	7⅛	.. ....
Laidlaw B	5,204,300	16¾	- 1½
Phillip Morris	4,647,700	66¼	+ 2⅛
Reebok Ltd	2,587,200	19⅞	+ 1⅜
Square D	2,177,800	75	+ 2¾
Waste Man	1,843,900	38½	- ¾
Hewlt-Pack	1,829,900	47¼	+ ¾
Boeing	1,737,700	47½	- ½
Ramstar	1,683,300	3½	+ ¼
Upjohn	1,589,400	42⅞	- 1⅞

TRADING ACTIVITY

† Volume Millions	Feb. 21	Feb. 20	Feb. 19
New York	180.770	185.680	189.900
Amex	14.553	12.878	9.867
NASDAQ	142.810	142.243	132.892
Issues Traded	2,033	2,038	2,036
Rises	846	504	779
Falls	691	1,091	857
Unchanged	496	443	400
New Highs	75	74	106
New Lows	5	3	4

CANADA

TORONTO	Feb. 21	Feb. 20	Feb. 19	Feb. 18	1991 HIGH	1991 LOW
Metals & Minerals	3133.43	3143.92	3220.08	3224.35	3224.35 (18/2)	2632.06 (9/1)
Composite	3471.87	3493.54	3530.94	3532.54	3532.54 (18/2)	3161.95 (15/1)
MONTREAL Portfolio	1835.22	1855.23	1877.99	1882.70	1882.70 (18/2)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb. 22	Feb. 21	Feb. 20	Feb. 19	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1387.3	1367.8	1372.2	1398.7	1399.3 (18/2)	1204.5 (16/1)
All Mining (1/1/80)	601.4	593.5	595.6	609.7	609.7 (19/2)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	497.55	490.37	495.40	501.52	501.52 (19/2)	390.84 (15/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5512.45	5492.63	5534.78	5563.58	5563.58 (19/2)	4664.84 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	345.28	344.40	345.08	346.78	346.78 (19/2)	302.26 (8/1)
FINLAND						
Unitas General (1975)	387.5	383.9	384.9	384.0	387.9 (2/1)	348.4 (9/1)
FRANCE						
CAC General (31/12/82)	456.37	453.47	448.29	451.55	456.37 (22/2)	394.88 (15/1)
CAC 40 (31/12/87)	1716.88	1709.72	1693.07	1700.93	1716.88 (22/2)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	666.61	663.73	663.00	671.26	671.26 (19/2)	570.48 (15/1)
Commerzbank (1/12/53)	1901.00	1892.1	1888.8	1912.5	1912.5 (19/2)	1612.5 (15/1)
DAX (30/12/87)	1582.52	1566.32	1567.32	1587.13	1587.13 (19/2)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3475.34	3477.61	3492.16	3467.84	3492.16 (20/2)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1333.41	1318.41	1302.99	1303.94	1333.41 (22/2)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	572.66	564.26	561.03	570.35	572.66 (22/2)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	25902.81	26024.37	26198.79	26166.98	26230.01 (18/2)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1922.88	1934.52	1947.43	1957.61	1957.61 (19/2)	1625.00 (17/1)
2nd Section (4/1/68)	2942.84	2948.29	2957.31	2959.20	2959.20 (19/2)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	554.68	554.42	562.26	555.34	562.26 (20/2)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	243.9	243.1	243.6	245.7	345.7 (19/2)	221.4 (16/1)
CBS All Shr (End 1983)	178.4	177.8	178.1	179.7	179.7 (19/2)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	676.14	671.97	669.52	675.21	680.58 (14/2)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	956.02	931.22	914.17	894.52	956.02 (22/2)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	380.73	377.14	380.76	377.05	380.76 (20/2)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	975.0ɸ	1010.0	1024.0	1008.0	1367.0 (14/1)	976.0 (6/2)
JSE Industrial (28/9/78)	3198.0ɸ	3219.0	3258.0	3242.0	3258.0 (20/2)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	676.10	672.10	669.91	669.45	697.62 (4/1)	614.68 (16/1)
SPAIN						
Madrid SE (30/12/85)	258.90	256.67	255.13	256.36	258.90 (22/2)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1010.3	1014.3	1013.9	1010.2	1014.3 (21/2)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	687.2	682.0	676.6	686.0	687.2 (22/2)	590.4 (14/1)
SBC General (1/4/87)	582.7	577.7	572.7	581.5	582.7 (22/2)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4873.67	5181.98	4950.68	5048.48	5181.98 (21/2)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	791.64	776.56	817.24	823.65	823.65 (19/2)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (*)	517.5*	517.3	517.9	523.8	524.2 (18/2)	439.1 (16/1)

**Saturday February 16. Taiwan Weighted Price, (c). Korea Comp Ex. (c).
ɸ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Hopes of peace push equities sharply higher

Wall Street

THE WILLINGNESS *of President George Bush to consider the Soviet plan and hopes of a peaceful resolution to the Gulf conflict sent share prices sharply higher yesterday morning, writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was 25.99 higher at 2,917.82, while the Standard and Poor's was 3.61 higher at 368.58 at 1 pm. The Nasdaq composite of over-the-counter stocks rose 4.76 to 451.14. Turnover on the Big Board was 124m shares by 1 pm, with advances outpacing declines by 868 to 540.

The market spent most of the morning nervously waiting for a formal response to the Soviet peace proposal from the US Administration. Share prices were lower just before Mr Bush's official statement, but moved into positive territory after he spoke.

Although the President took a firm stance, and set a deadline for noon today for an Iraqi withdrawal from Kuwait, the fact that he did not dismiss the peace plan out of hand pleased the market. Traders hope the war will end soon so that consumer confidence can recover and lead the economy out of its recession.

Sentiment was also aided by the unity displayed among the allied coalition and by another fall in oil prices. April crude oil was down 36 cents at $18.14 a barrel just after midday yesterday. Bond prices were also firmer as diplomatic attempts to end the war intensified. The benchmark 30-year Treasury bond was up $\frac{3}{16}$ at 98$\frac{1}{16}$ to yield 8.041 per cent at 1 pm.

Among individual issues, Square D climbed $2¼ to $77 in turnover of 1.2m shares on growing indications that a proxy battle for control of the company would be waged between the French predator, Groupe Schneider, and its $1.8bn Illinois-based target.

Citicorp rose $¼ to $15⅝ as 3.3m shares changed hands in the wake of the surprise announcement that a Saudi prince had personally bought 590m of non-voting preferred convertible Citicorp stock. The issue is the first tranche of a $4bn to $5bn recapitalisation programme, which is likely to include asset sales and more issues of new equity.

Douglas fell $1¼ to $42¼ on reports that the company was trying to play down problems with its MD-11 jet amid speculation that AMR, the parent of American Airlines, might cancel an order for the aircraft. AMR was up $1 at $59⅝.

Eli Lilly, the big pharmaceutical company, recovered from early losses to stand steady at $79⅜ after sellers had earlier moved in on the back of data showing that prescriptions of Lilly's anti-depressant drug Prozac were down on a month-to-month basis.

The cement and building materials group, Loan Star Industries, rose $⅛ to $5⅝ after reporting a fourth quarter loss of $3.37 a share, which represented a strong recovery from the loss of $15.95 a share a year earlier.

Canada

TORONTO stocks were flat at midday after recovering from morning lows. Moderate losses in gold shares, however, limited the market's cautious climb. The composite index was 3.6 lower at 3,468.3 at midsession after bottoming at 3,460.18. Declines led advances by 198 to 183. Volume was a slim 12.64m shares.

Laidlaw class B shares firmed C$⅜ to C$19⅝. The shares slumped C$1⅝ on Thursday after Merrill Lynch crossed a block of 2m shares almost C$3 below the opening price.

In the communications and media sector, Southam tumbled C$1¼ to C$19 and Torstar class B dipped C$⅜ to C$26. Both companies reported poor results on Thursday. Archer Communications slipped C$⅞ to C$10¼ after it said it no longer expects to report a fourth quarter profit.

In golds, Placer Dome slipped C$⅜ to C$15⅛ and Echo Bay fell C$⅜ to C$8⅜.

Frankfurt and Paris vie for London's top position

The UK's reliance on trading in international equities could be its greatest risk, writes **Dominick Coyle**

THE TIME to worry is when everyone says there is no need to worry. Well, not quite everyone, but the cosy UK view is that the City of London is the third or fourth largest securities market in the world, sandwiched in a desirable time zone, and that this is how things will continue, give or take an improvement or two – not least a quicker and more efficient settlement system.

The very mention of any threat to London is not without its dangers: witness the comment this week from Mr John Redwood, the UK minister for corporate affairs and thus the man whose remit covers these affairs. He wrote: "It has become fashionable to write articles and make television programmes prophesying the loss of London's position as the leading western European marketplace. Clever briefing from the Continent, gloomy pundits at home and a political opposition keen to create trouble mean there is no shortage of doom-mongers to say that London has had its day."

Thus warned, I had better make one thing clear straight away; I have not been got at by those clever continental briefers, although I have, to an extent, been briefed – by the wholly British company, County NatWest Wood Mackenzie, which is responsible for the figures on equity turnover appearing here.

These numbers show that domestic equity turnover last month was higher in Frankfurt than in London, and a similar German lead has applied for the past year. Paris came third. The qualification *domestic* equities is vital. Add in the turnover through SEAQ International, which deals in more than 500 foreign equities, and London is first past the post by a distance.

On an average trading day, if such can be said to exist in current market volatility, turnover through SEAQ International's quote-driven system is higher than in domestic equity business. SEAQ International now has its own index, the recently launched Eurotrack 100, which will be joined from Monday by its twin, Eurotrack 200, which is in essence the continental 100 teaming up with the UK Footsie.

But London's reliance on international equities could be its greatest risk. The main continental centres, notably Paris and Frankfurt, are fighting back, and the competition seems bound to intensify.

Deregulation in Paris in particular, although less spectacular in its reporting than London's Big Bang, has been impressive. The abolition of fixed commissions, a wholesale restructuring of the operations of the bourse and the development of new markets – not least the Matif, which is now a serious challenger to the London derivatives market – are pulling some business in French equities back from London. More may follow as financial activity in Paris builds up.

Things are moving, too, in Germany, albeit in a more structured fashion. The gradual rationalisation of the market (in spite of regional loyalties, Frankfurt is increasingly the equity kingpin) and the abolition of the turnover tax on securities transactions are making the German market more user-friendly. Snapping too at London's heels is a host of other deregulating financial centres, not least Madrid, Milan, Copenhagen and now Dublin with its embryo financial services centre and its generous fiscal concessions. And the established big guns, including Zurich, Amsterdam and Luxembourg, remain active, welcoming and even more aggressive in search of new business.

The big imponderable in all of this, and certainly of concern to London, is the shape of arrangements that emerges for inter-market trading in European stock exchanges. Progress will be slow, if the outcome of recent meetings is anything to go by, and some measure of agreement is necessary to harmonise Europe's differing quote-driven and order-driven trading systems. The European Community, no doubt, will be playing a hand with its Investment Services Directive.

A good interim assessment came earlier this month in a thoughtful appraisal of the main financial centres in Europe by Mr Anthony Loehnis at a Financial Times conference. A vice-chairman of S.G. Warburg and formerly of the Bank of England, Mr Loehnis gave a personal forecast: "I believe that London will continue to be the principal financial centre in Europe, but that its relative dominance will decline."

MONTHLY TURNOVER (US$bn)

Market	Jan 90	Feb 90	Mar 90	Apr 90	May 90	Jun 90	Jul 90	Aug 90	Sep 90	Oct 90	Nov 90	Dec 90	Jan 91
Belgium	1.8	2.0	1.4	0.9	1.3	1.3	1.1	1.3	0.7	0.8	0.7	0.6	0.7
France	23.7	19.1	19.7	26.1	22.4	18.6	18.8	21.0	15.4	15.1	13.7	17.0	20.2
Germany	120.2	114.6	118.2	75.0	86.5	88.0	98.8	88.4	50.5	59.2	55.8	48.3	55.1
Italy	17.7	12.0	13.3	14.2	17.3	21.4	17.3	17.4	8.9	10.2	6.8	8.4	7.8
Netherlands	8.5	6.8	6.8	6.6	7.5	6.3	6.7	9.8	6.2	6.0	5.7	4.0	6.6
Spain	4.9	3.7	3.6	5.1	6.8	6.0	7.3	3.9	2.9	3.8	4.6	6.0	5.4
Switzerland	14.7	14.4	17.6	14.5	13.2	11.2	10.9	11.6	8.6	8.9	6.6	6.0	9.6
UK	54.5	40.5	42.3	37.3	48.7	48.7	50.8	52.9	37.5	51.0	44.4	42.3	48.2

Source: County NatWest WoodMac.

EUROPE

Bourses remain calm in face of latest war developments

BOURSES EDGED higher yesterday, although uncertainty over the fate of the Soviet proposal for peace in the Gulf kept a lid on gains. Markets had closed before the reports of US President George Bush's new deadline for an Iraqi withdrawal from Kuwait, *writes Our Markets Staff.*

FRANKFURT handled with surprising calm an initial report that the ground war in the Gulf had started: the real-time DAX index fell only five points, which were more than recouped after official denials. The FAZ index, calculated at midsession, rose 2.88 to 666.61, up 4.3 per cent on the week, while the DAX index closed 16.20 higher at 1,582.52, up 3.4 per cent on the week. Volume rose to DM6.3bn from DM5.6bn.

Car stocks were helped by figures showing that new car registrations in Germany reached a record high in January. Daimler-Benz put on DM3 to DM620 while BMW advanced DM7 to DM482.

News that the Soviet Union planned to pump fresh funds into its oil industry boosted Mannesmann, the diversified steel and pipes group, in spite of a sell recommendation from S.G. Warburg. The stock added DM7.70 to DM287.50.

STOCKHOLM ended the week at a high for the year. Trading in Astra remained brisk before its 1990 earnings report, due on Monday. The free B shares rose SKr10 to SKr510. The Affärsvärlden General index closed at 1,026.2, up 11.9 points on the day and 4.1 per cent higher on the week. Turnover improved to SKr436m from SKr335m.

Saab Scania free Bs added SKr4 to SKr215. The car company is expected to release 1990 results on Thursday.

ZURICH rose in moderate trading, on demand from foreign investors. The Crédit Suisse index gained 6.9 or 1.3 per cent to 527.9, an advance on the week of 1.8 per cent. Interest focused on the chemical sector: Sandoz rose SFr300 to SFr11,200.

Omni Holding's bearers fell SFr70 or 8.5 per cent to SFr750 after Metro International apparently abandoned plans to take a stake in the investment company, and said that it was no longer offering Omni a standby credit.

PARIS finished slightly better in modest turnover. The CAC 40 index rose 7.16 to 1,716.88, a gain of 2.8 per cent on the week.

Oil stocks were firm. Total gained FFr11 to FFr648 after the previous day's results. Its shares continued to trade on the lowest prospective multiple of any European oil group, according to analysts.

Casino dropped FFr10.60 or 7.1 per cent to FFr139 in active trading of 294,850 shares, following a report in an industry publication that the supermarket group would hardly break even in 1990, after making attributable net profits of FFr534m in 1989. Sanofi, the pharmaceuticals company, slipped FFr8 to FFr812 after forecasting a decline in profits for 1990.

AMSTERDAM closed at the day's highs in thin trading. The CBS general tendency index closed 0.7 higher at 87.7, up 1 per cent on the week.

Hoogovens recouped another Fl 2.30 to Fl 49.00 after falling heavily earlier in the week.

Unilever eased Fl 1.50 to Fl 151.60 before its 1990 results, due on Tuesday. The market expects a small rise in net profit to between Fl 3.6bn and Fl 3.7bn, up from Fl 3.47bn.

MILAN finished higher after a weak start on active buying of second-tier stocks. The Comit index rose 8.4 to 572.66, up 3.5 per cent on the week.

MADRID followed other bourses higher in moderate trading. The general index added 3.52 or 1.4 per cent to 260.24, a rise on the week of 3.3 per cent.

OSLO edged higher, with the all-share index up 2.90 at 465.04 in moderate turnover of NKr300m. Hopes of a recovery in travel and tourism lifted Vard, the shipping group with cruise lines, by NKr5 or 6.7 per cent to NKr80, and B shares in DNL, the airline company, by NKr9 or 9.3 per cent to NKr106.

Elkem, the metals producer, rose NKr13 or 9.5 per cent to NKr150, after Saga Petroleum said that there were possibilities for co-operation. Saga, which reported 1990 profits in line with forecasts, saw its A shares slip NKr1.5 to NKr66.

ISTANBUL advanced 2.7 per cent in active trading, the 75-share index rising 141.04 to 5,398.97 in turnover of TL287bn, up from TL180bn.

There was heavy demand for Adana Cimento, the cement producer, which began trading on Thursday. Its A shares rose TL120,000 to TL520,000 and its C shares gained TL77,000 to TL110,000.

ATHENS jumped 4.3 per cent, with the general index up 50.30 at 1,223.63, a rise of 9.6 per cent on the week, while **NICOSIA**'s Cisco index gained 10.9 or 4.4 per cent to 260.1.

BRUSSELS was firmer, with the cash market index up 19.82 at 5,512.45 – a gain of 3.6 per cent on the week.

VIENNA recovered after two days of losses. The bourse index rose 6.65 to 554.33, a gain of 3.7 per cent on the week. Austrian Airlines added Sch115 or 4.1 per cent to Sch2,905.

SOUTH AFRICA

JOHANNESBURG eased in cautious trading. The all-share index fell 25 to 2,750 and the industrial index dropped 21 to 3,198. The all-gold index fell 35 to 975 as bullion prices slipped below $360. De Beers ended 25 cents up at R72.25.

ASIA PACIFIC

Gulf uncertainty triggers profit-taking

Tokyo

PROFIT-TAKING pushed share prices lower yesterday as uncertainty over the US response to the Soviet proposal for a ceasefire in the Gulf prompted investors to square their positions before the weekend, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell below the 26,000 level for the first time in five trading days. It closed 121.56 down at the day's low of 25,902.81. However, it gained 2.2 per cent on the week. The index hit a high yesterday of 26,264.56 at the opening, but soon fell on profit-taking by investment trusts.

Volume shrank to 650m shares from Thursday's 850m as foreign investors refrained from activity. Losers outnumbered gainers by 659 to 317, with 173 issues unchanged. The Topix index of all first section issues lost 11.64 to 1,922.88 but in London trading the ISE/Nikkei 50 index rose 2.54 to 1,478.20.

Sectors which had outperformed the market recently were the main losers. Financials, pulp and papers, nonferrous metals and mining issues lost ground. Sanyo-Kokusaku Pulp lost Y16 to Y665.

Speculative stocks were active, as individual investors looked for quick profits. Tobishima, the construction company in financial trouble over its loans to Nanatomi, a company which speculates in real estate and stocks, gained Y96 to Y1,050. Janome Sewing Machine rose Y60 to Y1,470 and Itoman added Y25 to Y530.

The Tokyu group was also popular with speculators, on the news that it would take part in the redevelopment of Shibuya, in the south of Tokyo. Tokyu, the railway company, surged Y190 to Y1,760, Tokyu Construction added Y70 to Y1,170 and Tokyu Land advanced Y67 to Y848.

Gas stocks were considered laggards and moved higher. Tokyo Gas, the most active stock, gained Y24 to Y673. Trading in the issue was temporarily halted to cope with the flood of buy orders.

Issues likely to benefit from the reconstruction of the Gulf area remained popular. Penta-Ocean Construction, which specialises in waterfront projects, rose Y80 to Y1,230.

In Osaka, the OSE average lost 130.99 to 28,543.81 on lower volume of 58.4m shares. Nintendo fell Y400 to Y22,200 as high-priced technology issues lost ground on profit-taking.

Roundup

THE IRAQI acceptance of the Soviet peace proposal encouraged several markets yesterday, but some lost their momentum after the guarded US response.

SINGAPORE was mixed, but buying of blue chips lifted the Straits Times Industrial index 23.15 to 1,410.45 – up 5.4 per cent on the week. Second-line and Malaysian stocks eased on profit-taking. Turnover rose to S$251m from S$233m.

KUALA LUMPUR ended barely changed on the day, but up 5.1 per cent on the week, with the composite index 0.26 higher at 554.68. Volume eased to 117m shares from 125m.

AUSTRALIA's All Ordinaries index rose 19.5 or 1.4 per cent to 1,387.3, after three days of falls. The market gained 0.8 per cent on the week. Turnover was active at A$352m, after Thursday's A$170m, but much of the total was end-of-month options expiry business.

NEW ZEALAND also firmed after a three-day losing streak, with the Barclays index up 5.57 at 1,331.12, down 3.2 per cent on the week. Turnover slipped to NZ$16m from NZ$23m.

MANILA gained 2.7 per cent after the approval of a $900m International Monetary Fund loan package for the Philippines. The composite index rose 24.80 to 956.02 – an advance of 9.3 per cent on the week – and turnover grew to 207m pesos from 194m.

TAIWAN dropped 6 per cent, its worst fall this year, on active profit-taking by institutions. The weighted index shed 308.31 to 4,873.67, but ended the week 3 per cent higher.

HONG KONG lost its early gains in moderate trading, the Hang Seng index ending 2.27 down at 3,475.34 – a gain of 1.8 per cent on the week. Turnover fell to HK$1.28bn from HK$1.46bn. Hang Seng Bank rose 40 cents to HK$28.10 on speculation about a one-for-four bonus issue next month.

SEOUL finished slightly higher on the day and 4.8 per cent up on the week. The composite index rose 4.00 to 676.10, in busy trading.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 21 1991								WEDNESDAY FEBRUARY 20 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	129.98	−0.1	98.45	107.92	100.72	109.66	−0.1	6.24	130.06	99.02	108.32	101.23	109.82	158.31	112.74	143.83
Austria (19)	217.66	−0.8	164.85	180.72	168.67	169.01	−0.9	1.62	219.31	166.96	182.65	170.69	170.49	285.63	167.00	264.76
Belgium (60)	149.48	−0.8	113.22	124.10	115.83	113.36	−0.8	5.19	150.71	114.73	125.50	117.29	114.29	160.02	121.73	136.03
Canada (116)	138.34	−0.4	104.78	114.88	107.19	115.40	−0.5	3.48	138.86	105.71	115.64	108.06	115.98	153.61	121.24	138.77
Denmark (32)	269.84	+0.5	204.38	224.05	209.10	210.02	−0.1	1.40	268.56	204.45	223.67	209.02	210.21	277.62	217.74	251.45
Finland (21)	114.95	+1.7	87.06	95.44	89.07	87.20	+1.4	3.23	113.04	86.06	94.15	87.98	85.99	152.29	90.61	148.65
France (113)	147.64	+1.3	111.97	122.74	114.55	117.58	+1.1	3.51	145.97	111.12	121.56	113.60	116.32	168.85	121.85	146.04
Germany (88)	124.12	+0.6	94.01	103.07	96.18	96.18	+0.1	2.37	123.40	93.94	102.78	96.04	96.04	144.63	101.38	128.61
Hong Kong (48)	141.65	−0.4	107.28	117.61	109.77	141.69	−0.4	4.74	142.20	108.25	118.42	110.66	142.24	147.49	112.24	119.80
Ireland (16)	166.81	+1.8	126.34	138.50	129.26	131.53	+1.5	3.48	163.82	124.71	136.43	127.50	129.61	198.57	132.88	190.80
Italy (91)	86.73	+1.2	65.69	72.00	67.20	72.35	+0.7	3.49	85.72	65.26	71.39	66.71	71.85	109.26	72.05	95.53
Japan (453)	144.12	−0.5	109.15	119.66	111.69	119.66	−0.8	0.71	144.78	110.22	120.58	112.70	120.58	197.26	106.58	173.84
Malaysia (34)	230.14	−1.0	174.31	191.08	178.34	239.19	−1.0	3.15	232.54	177.03	193.65	180.97	241.49	250.89	182.96	240.82
Mexico (12)	599.98	−0.4	454.42	498.15	464.93	1947.29	−0.6	0.35	602.47	458.65	501.75	468.89	1958.34	613.96	324.53	373.56
Netherland (41)	142.49	+0.1	107.92	118.31	110.42	109.33	−0.3	4.95	142.42	108.42	118.61	110.85	109.66	149.03	125.70	135.53
New Zealand (15)	47.36	−2.8	35.87	39.32	36.70	41.92	−2.8	8.10	48.71	37.09	40.57	37.92	43.14	75.36	41.18	64.80
Norway (30)	209.11	+1.0	158.38	173.62	162.05	164.98	+0.5	1.69	206.94	157.54	172.35	161.07	164.18	276.79	182.24	236.93
Singapore (25)	189.72	−1.5	143.70	157.53	147.02	150.47	−1.5	2.76	192.63	146.64	160.43	149.92	152.68	209.24	147.24	194.74
South Africa (60)	193.90	−1.1	146.86	160.99	150.25	137.83	−1.7	3.95	196.07	149.26	163.29	152.59	140.29	251.39	151.50	209.79
Spain (41)	165.52	+0.9	125.37	137.43	128.26	116.49	+0.7	4.87	163.99	124.84	136.58	127.63	115.66	182.25	128.54	152.05
Sweden (27)	188.68	+0.3	141.39	155.00	144.66	153.31	−0.2	2.67	186.04	141.63	154.94	144.80	153.54	234.93	146.60	183.50
Switzerland (65)	98.44	+1.7	75.31	82.57	77.07	78.54	+1.2	2.63	97.74	74.41	81.40	76.06	77.59	109.77	82.17	96.73
United Kingdom (296)	181.76	+1.2	137.68	150.89	140.82	137.65	+0.7	5.11	179.56	136.70	149.53	139.74	136.70	182.40	139.87	158.27
USA (526)	147.82	−0.1	111.95	122.73	114.55	147.82	−0.1	3.32	147.89	112.59	123.17	115.11	147.89	149.55	119.06	131.94
Europe (940)	149.02	+1.0	112.87	123.73	115.48	114.51	+0.6	4.08	147.58	112.35	122.91	114.86	113.88	157.65	124.91	140.99
Nordic (110)	191.75	+0.5	145.23	159.21	148.59	147.24	+0.0	2.03	190.73	145.20	158.85	148.45	147.23	223.29	155.55	190.98
Pacific Basin (650)	143.13	−0.5	108.41	118.84	110.91	119.65	−0.7	1.05	143.79	109.47	119.75	111.91	120.55	192.75	107.82	170.70
Euro-Pacific (1590)	145.90	+0.1	110.60	121.13	113.05	118.32	−0.2	2.32	145.70	110.92	121.33	113.39	118.57	174.18	116.03	159.05
North America (642)	147.14	−0.1	111.45	122.18	114.04	145.65	−0.1	3.33	147.25	112.10	122.64	114.62	145.77	148.87	119.26	132.26
Europe Ex. UK (644)	128.88	+0.8	97.61	107.03	99.89	100.90	+0.4	3.33	127.86	97.34	106.51	99.53	100.45	145.62	106.85	129.20
Pacific Ex. Japan (197)	130.71	−0.5	99.00	108.55	101.30	115.41	−0.5	5.34	131.32	99.97	109.38	102.21	115.98	146.72	111.40	132.71
World Ex. US (1778)	146.38	+0.1	110.87	121.55	113.44	118.89	−0.2	2.37	146.23	111.33	121.80	113.82	119.17	173.77	117.12	158.97
World Ex. UK (2008)	142.21	−0.1	107.71	118.08	110.21	126.96	−0.3	2.40	142.35	108.37	118.56	110.80	127.32	162.00	115.37	147.36
World Ex. So. Af. (2244)	145.43	+0.1	110.15	120.76	112.70	127.93	−0.2	2.69	145.34	110.65	121.05	113.13	128.13	161.84	118.04	147.94
World Ex. Japan (1851)	147.99	+0.3	112.09	122.89	114.70	132.32	+0.1	3.71	147.54	112.32	122.88	114.84	132.15	151.59	124.31	136.63
The World Index (2304)	145.72	+0.0	110.37	120.99	112.93	128.00	−0.2	2.70	145.65	110.88	121.30	113.36	128.22	162.05	118.33	148.31

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Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1990/91 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]						

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990/91 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
46⅞	35½	CPC Intnl. 25c	41¼	−1	$2.00	−	2.5
930p	358p	California Engy.	581p	+7	−	−	−
[illegible]							

CANADIANS

[illegible]

Continued on next page

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BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p ..β	54	+2	3.1	4.4	7.4	3.9
£14¼	£5¼	DAF N.V. Fl5	£6¾	+¼	050%	2.0	10.8	4.5
149	79	General Mtrs Units..	93¼	+1¼	[illegible]	-	6.8	-
41	9	March Group 5p ..β	13	-1	8	-	-	-
£222¼	£181½	Volkswagen DM50..	£131¼	+2½	022%	3.5	2.8	10.3
£44¾	£18¼	Volvo AB 'B' Kr25..	£22¼	+¼	Q62%	4.3	6.2	3.8

Commercial Vehicles

253	68	ERF (Hldgs).......β	118	-2	10.0	1.6	‡	7.2
180	48	Plaxton Grp........β	58	....	8.5	2.0	22.7	2.8

Components

463	420	Abbey Panels.	463	....	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines β	132	....	6.0	3.0	6.1	7.3
190	140	Bostrom 5p.. ...β	148	....	5.75	3.1	5.5	6.4
266	145	Dowty 50p ......α	169	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr
£134	£85	Do 9¼pc Cv Ln 2002 γ	£115	+1	Q9½%	[illegible]
145	70	Green Property 6/25p γ	70	..	1020.6%	1.7
481	323	Greycoat 10p .. α	379	-1	5.7	3.9
55	38	Hambro Countrywide 5p α	51	-1	Z0.05	[illegible]
859	510	Hammerson "A" .. α	654	-1	19.5	1.3
113	43	Hanover Druce 10p.. β	53	.....	12.0	[illegible]
675	150	Hartanger Prop 10p β	150	-3	16.88	2.8
285	123	Helical Bar 5p .. β	179	+2	10.0	4.0
81	46	Do. 5¼pc Pf 2012 £1 γ	58	...	5¼%	[illegible]
177	137	Hemingway Sec & Dev 10p β	170	...	15.75	3.3
67	46	HK Land Hldgs 10c...	52	-1	106.15c	[illegible]
18½	5½	HINOCO 10p. .. α	8	+½	[illegible]	[illegible]
250	225	Jermyn Invest.	250	[illegible]	3.0	16.9
565	443	Land Securities £1 .. α	542	-2	17.0	1.6
£91⅝	£76¼	Do 10pc 1st Mt Deb 2025 γ	£91⅝	..	010%	[illegible]
£91⅞	£76¼	Do 10pc 1st Db 2030 γ	£91⅞	..	010%	[illegible]
670	508	Lend Lease 50c ..	615	+2	060c	1.6
£95	£79¼	[illegible]	£93¼	[illegible]	010¼%	[illegible]
88½	70½	[illegible]	71	..	8.88%	[illegible]
93	65	Lon Merchant. α	80	.	3.4	2.1
44	25	Do Dfd. β	31	..	[illegible]	[illegible]
£99½	£87½	Do 7¼pcCv 2000-05 γ	£84½	..	Q7¼%	[illegible]
158	[illegible]	Lndn & Mrpltn 5p ...	8	.	6.65	2.9

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. β	675	......
Finlay Pkg. 5p.... β	30	-1
Holt (Jos) 25p.....β	1308	....

IRISH

Cap 8½% Ln 1991...	£99½	.....
9pc Cap Ln. 1996 .	£97¼	+¼
Fin. 13% 97/02...	£114	....
Arnotts......	160	...
Carrol (P.J.).....	154	......
Helton Hldgs..... ..γ	42xd	+2
IRG..	130	+5
United Drug........	145	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen	32
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Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
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Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	51
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm	3
Brit Petroleum	27
Burmah Castrol	46
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FINANCIAL TIMES
Weekend February 23/February 24 1991

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Industrial policy document seeks to upgrade technology and training

Labour tax plan to encourage investment

By John Plender

NEW TAX incentives for manufacturing investment and innovation are among the main planks of Labour's industrial policy, to be unveiled in a pre-election document on Monday.

The paper, which will stress the importance of manufacturing and the need to upgrade technology in British industry, also includes proposals covering education and training, the regions and small business.

Noticeably absent from the document are references to significant extensions of public ownership.

The tax incentives are expected to include:

- A corporate tax allowance for investment in new technology;
- Tax credits for research and development over and above the existing 100 per cent allowance;
- A replacement for the Business Expansion Scheme designed to offer a fiscal incentive to private individuals to invest more in unquoted manufacturing companies.

The proposals follow lengthy consultations between Mr Gordon Brown, the Labour party's trade and industry spokesman, other front bench spokesmen and leading industrialists.

The paper emphasises the need for partnership between government and industry. Current Labour thinking has shifted from 1960s-style interventionism towards measures aimed at providing a more accommodating framework for long-term investment in infrastructure and training.

A sympathetic attitude to manufacturing is no longer equated with direct grants and subsidies for individual companies – the practice of picking industrial winners – though calls for more technological innovation in industry are reminiscent of the first Wilson government.

Labour is also increasingly interested in collaborative research into new industries and green technologies.

Special emphasis is being placed on the need to provide marketing, research and other support for small companies. Other small business measures include a scheme to encourage technology transfer and diffusion by bringing together universities, industrialists, financiers and government in "technology trusts".

Labour's plans for replacing the government's youth training scheme are further elaborated and there are new proposals for smaller companies to pool resources to provide better training.

The document is expected to endorse Labour's earlier competition policy proposals to invoke the public interest in relation to takeovers. Among the criteria that Labour spokesmen have been considering for references to the Monopolies and Mergers Commission are research and development, employment, regional location, export strategy, future investment plans, the environment and financial efficiency, as well as competition.

Consideration has also been given to creating statutory rights of consultation and information for the workforces of both companies.

Such changes, which contrast sharply with the Conservative government's present policy of relying primarily on competition criteria in making references to the MMC, could have a dramatic restraining influence on hostile takeovers.

Regional spending, Page 4

Gordon Brown: seeks partnership with industry

Lloyds Bank profits hit by £778m worth of bad debt provisions

By David Lascelles, Banking Editor

LLOYDS BANK opened the clearing banks' results season gloomily yesterday by reporting profits at the lower end of the market's expectations.

Sir Jeremy Morse, Lloyds' chairman, described conditions as "sombre" and doubted that they would improve much during the rest of the year. He tried to cheer shareholders up by announcing a 15 per cent increase in the dividend.

Lloyds earned £591m before tax last year, in a result that was hit by £778m worth of provisions against bad debts in the UK as well as in other countries facing economic difficulties. Lloyds also wrote down the value of its branches and offices by £208m to reflect the decline in the UK property market.

The result included an unexpected £125m profit on provisions which Lloyds made a year earlier against its Third World debt. The strength of sterling against the dollar, in which Third World debt is denominated, brought Lloyds this windfall.

Analysts had been forecasting Lloyds profits in the £584m to £764m range, looking for a recovery from the previous year when the bank announced a record loss of £715m because of Third World problems.

Yesterday's disappointing outcome suggests that the UK recession is having an even more damaging impact than expected. Sir Jeremy said 1990 had failed to generate the hoped-for strong recovery in profits, though he stressed that Lloyds remained financially sound, and that its long term prospects were good once the economy turned round.

Sir Jeremy Morse: sees conditions as "sombre"

Mr Brian Pitman, the chief executive, disclosed that Lloyds' cost-saving drive had resulted in the elimination of 4,000 jobs last year, and another 1,000 in the first two months of this year.

He said Lloyds had not passed on the full benefits of the recent half point base rate cut to its borrowers.

The result cast a shadow over the banking sector of the stock market. Lloyds' shares fell 10p to 320p. NatWest, due to report on Tuesday, lost 11p to 294p while Barclays dropped 5p to 395p. Midland, which reports on March 5, recovered from a fall to close unchanged at 175p. Standard Chartered, which announces its results on March 15 and is believed to be the most vulnerable to a dividend cut, lost 11p to 273p.

Details, Page 8

Building societies agree funds for Leamington Spa

By David Barchard

THE FIVE largest UK building societies have agreed to provide funds to protect the troubled Leamington Spa Building Society from a possible spate of withdrawals by its depositors.

Leamington Spa, which specialised in higher risk lending to home owners, disclosed yesterday that it made a pre-tax loss of £2m in 1990 after making provisions against bad debts of about £20m.

This is believed to be the first loss for many years by a large society. Other large societies and the Building Societies Commission, the industry regulator, appear to have been worried about the possible effects on investors of the news of a loss.

The five societies providing funds are Halifax, Nationwide, Woolwich, Alliance & Leicester and Leeds Permanent.

Shortly before details of the agreement emerged, it was announced that Leamington Spa is to merge with Bradford & Bingley. Leamington Spa, with assets of £1.1bn, is the 20th biggest society, while Bradford & Bingley, with assets of £9bn, is the eighth largest.

Details of the merger are to be put to a special meeting of the society's managers today.

Mr Don Willis, Leamington Spa chairman, said his society had been particularly hard hit by the fall in house prices and the recession in general. "We have considered various merger proposals which have been offered to us and feel that a merger with Bradford & Bingley would be in the best long term interests of our members," he said.

The merger is understood to have been encouraged by the Building Societies Commission, which also held three meetings with the top five building societies in the last three weeks to consider making available standby assistance to Leamington Spa.

A formal heads of agreement was signed by the chief executives of the five societies at the commission's offices yesterday morning.

However, the societies involved stressed that they did not believe that any kind of emergency situation was involved.

"If liquidity support is needed, and we don't think it will be, we will supply it on normal commercial terms." one society said. "This is simply the industry closing together to smooth a fellow society through a difficult period."

The assistance is expected to be available for at least three months until the merger with Bradford & Bingley is completed.

Societies were reluctant to give details of the extent to which they have committed themselves to support Leamington Spa, though it is understood that they have done so in proportion to their size.

"The extent of the support works out at between £100m and £300m per society," one building society executive said. "We have agreed to a maximum of £100m."

The most recent precedent for such an operation appears to have been in the late 1970s when Halifax, the largest society, helped Derbyshire Building Society when its customers were affected by a crisis at Rolls-Royce.

Mr Jim Birrell, Halifax chief executive, was described by other societies yesterday as the leading spirit in the Leamington Spa operation.

Meanwhile, Moody's, the investor rating service, said it was reviewing the long-term rating of Bradford & Bingley for a possible downgrading. At present Bradford & Bingley is rated AA3. The review would affect about $300m of long-term debt.

Bush

Continued from Page 1

The basic element in the fresh Soviet plan was Iraqi acceptance of UN resolution 660 which demands a withdrawal of its troops to positions held on August 1, the day before the invasion of Kuwait.

This would be followed by a ceasefire. Only after a ceasefire was in place would withdrawal begin. The 21-day withdrawal period would permit the Iraqis to remove virtually all their heavy armour and sophisticated equipment.

The plan envisages a four day evacuation of Kuwait and a 72-hour timescale for the release of prisoners of war – compared to 48 hours demanded by President Bush. Furthermore, it envisages third country forces supervising the withdrawal and ceasefire. The allies are reluctant to accept such a condition.

Neither side yesterday was talking about reparations or linkage with a Middle East peace conference. Mr Vitaly Ignatenko, the Soviet presidential spokesman, said: "These proposals are now in Baghdad and we hope for a reply from them tonight or tomorrow." He added that the earlier reaction of President Bush to the first draft of peace proposals had been "reflected in the proposals which we have now made".

The document was sent to all members of the UN Security Council who were due to consider the proposals last night. Mr Ignatenko said that if Iraq accepted these proposals "we can suppose that it wants to avert the ground war".

Military analysts said an orderly Iraqi withdrawal with all their main equipment would take several weeks at least. Iraq is thought to have some 350,000 troops in Kuwait itself and a further 250,000 near its borders, with up to 2,800 tanks and 1,800 heavy guns remaining in the area after damage sustained in allied air and artillery attacks.

President Saddam first indicated his willingness to pull out of Kuwait last Friday. He merely accepted UN Resolution 660 and asked for the removal of the other 11 related resolutions which covered the economic embargo against Iraq, reparations, revoking the annexation of Kuwait and a brief permitting the allied coalition to "restore peace and security in the area".

Since then Baghdad has been preparing the public for withdrawal while warning Iraq could not accept humiliating terms.

In a defiant speech on Thursday, he geared the nation for a land offensive by the allies but he also gave implicit encouragement to the Soviets to pursue their role as peace-makers.

Saddam's army

Continued from Page 1

in this environment," he said.

Group Capt Niall Irving, the British spokesman, admitted that smoke was a "major problem", although its effectiveness against air attack depended on the weather and varied from hour to hour. British Jaguar aircraft were hindered by haze and smoke in their attempts to bomb Iraqi artillery positions yesterday morning, but they were able to attack effectively in the afternoon.

"There are a vast number of fires down there," he said, but added: "Our commanders at the moment are not significantly concerned."

Allied commanders declined to give details of any plans for extinguishing the fires in the event of an allied advance into Kuwait.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Fag Kugel	271	+	11
Herlitz	382	+	14
Preussag	279	+	10
Schering	768	+	14
Wella	750	+	17
Falls			
Springer Axel	690	–	12

NEW YORK ($)			
Rises			
AMR	59⅝	+	1
Citicorp	15⅝	+	¼
Lilley (Eli)	80	+	¼
Lone Star	5⅝	+	⅞
Square D	77	+	2¼
Falls			
McDonnell Dgls	42¼	–	1¼

New York prices at 12.30.

PARIS (FFrs)			
Rises			
Canal +	885	+	15
Chargeurs	775	+	14
Eurocom	820	+	29
G. Occidental	749	+	34
Radiotech	336	+	9
Union Immob	593	+	28

TOKYO (Yen)			
Rises			
Itoh (C.)	1180	+	180
Kasumi	1680	+	200
Gunze Sangyo	1200	+	150
Nissin Sugar	1310	+	150
Shiroki	771	+	88
Tokyu	1780	+	190

LONDON (Pence)			
Rises			
Birkdale	40	+	6
Century Oils	112	+	8
Domino Printg	245	+	16
Intercare	58	+	7
LEICA	60	+	5
Rank Orgsn	731	+	12
Royal Insce	443	+	12
Shandwick	57	+	8
Siebe	378	+	19
Sintrom	30	+	7
Sthn Business	94	+	6
Wilkes (J)	136	+	14
Falls			
Linread	100	–	7
Lloyds Bank	320	–	10
Sedgwick	230	–	10
Serif Cowells	24	–	17
Stand Chartd	273	–	11
Stratagem	139	–	14
Traf House	229	–	6

WORLDWIDE WEATHER

UK today: a cold front moving south-east will bring cloud and wind to much of England and Wales. Heavy rain over the west. Northern Ireland and Scotland will have sunshine and showers.
Outlook: windy with rain at times over England and Wales. Continued sunshine and showers over Scotland and Northern Ireland

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Bordeaux	F	13	55	Dallas †	C	8	46	Innsbruck	C	4	39
Algiers	F	17	63	Boulogne	F	8	46	Dublin	C	7	45	Inverness	S	5	41
Amsterdam	R	6	43	Bristol	R	9	48	Dubrovnik	S	13	55	Isle of Man	R	5	41
Athens	R	13	55	Brussels	C	6	43	Edinburgh	F	3	37	Istanbul	C	8	46
Bahrain		–	–	Buenos Aires		–	–	Faro	Dr	14	57	Jersey	C	8	46
Barcelona	S	15	59	Budapest	F	6	43	Florence	S	15	59	Johannesburg	S	27	81
Belfast	R	4	39	Cairo	S	26	79	Frankfurt	S	7	45	Las Palmas	C	18	64
Belgrade	C	4	39	Cape Town	F	24	75	Geneva	C	8	46	Leeds	R	5	41
Berlin	C	5	41	Cardiff	R	8	46	Gibraltar	S	18	64	Lisbon	S	11	52
Biarritz	S	14	57	Chicago †	S	3	37	Glasgow	F	4	39	Locarno	C	10	50
Birmingham	C	7	45	Cologne	S	8	46	Guernsey	F	8	46	London	C	8	46
Blackpool	R	5	41	Copenhagen	R	1	34	Helsinki	Fg	1	34	Los Angeles †	S	12	54
Bombay	C	30	86	Corfu	F	16	61	Hong Kong	C	16	61	Luxembourg	F	4	39

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	17	63	Nairobi	F	28	82	Prague	F	0	32	Tangier	S	17	63
Madrid	C	5	41	Naples	S	17	63	Reykjavik	S	0	32	Tel Aviv		–	–
Majorca	F	17	63	Nassau		–	–	Rhodes	S	17	63	Tenerife	C	18	64
Malaga	S	19	66	Newcastle	F	5	41	Rio d'Janeiro		–	–	Tokyo	S	8	46
Malta	S	17	63	New Delhi	S	24	75	Rome	S	14	57	Toronto †	R	4	39
Manchester	C	7	45	New York †	S	8	46	Salzburg	C	2	36	Tunis	C	17	63
Melbourne	C	19	66	Nice	S	14	57	S'Francisco †	C	11	52	Valencia	S	17	63
Mexico City		–	–	Nicosia	C	18	64	Santiago		–	–	Venice	F	12	54
Miami †	S	22	72	Oporto	C	12	54	Seoul	F	-9	16	Vienna	F	3	37
Milan	S	10	50	Oslo	R	1	34	Singapore		–	–	Warsaw	S	2	36
Montreal †		–	–	Paris	F	9	48	Stockholm	C	3	37	Washington †	S	5	41
Moscow	C	0	32	Peking	S	-5	23	Strasbourg	F	9	48	Wellington	S	20	68
Munich	C	4	39	Perth	S	37	99	Sydney	S	26	79	Zurich	S	7	45

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Bad news in the bank statement

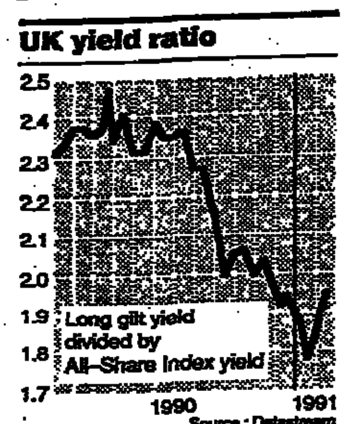
So much for the class act of the UK banking sector. If the 1990 second-half performance of Lloyds is followed by the other clearers, bank shares face an uncomfortable week or two. The size of Lloyds' £732m provision against UK lending suggests the market has not been nearly pessimistic enough in estimating the industry's lack of profitability after a normal first half last year.

The 15 per cent full-year dividend increase might be justified by Lloyds' better risk-asset ratios and recent improvements in its lending margins. Judging by the 10p fall in the shares, the market appears to have been more concerned about the bleak message for the underlying economy. Lloyds can point to the accommodation of an unprecedented £208m write-down in its property valuation, which sets a decidedly awkward target for its competitors. Nevertheless, the increased pay-out is only thinly covered by distributable earnings and might quickly look unrepeatable. The yield case for shares looks wobbly.

Lloyds clearly struggled to make a profit from mainstream banking in the second half as its domestic loan book began throwing out losses. Around £160m of its declared £183m pre-tax second-half profit can be attributed to, of all things, its LDC debt portfolio. Perhaps the best measure of the deterioration since June 1990 is that its bad debt charge as a percentage of UK domestic loans nearly trebled to 3.3 per cent annualised. Against that background, a small rise in its cost-income ratio to 64.4 per cent represents a considerable feat. As for the full-year figures, half the pre-tax profits came from life insurance, another fifth from a £125m currency gain on the LDC assets. No wonder some analysts think earnings per share could halve this year.

FT-SE Index: 2,314.3 (+1.9)

UK yield ratio



Source: Datastream

Electricity

In retrospect, investors who stagged the flotation of the 12 regional electricity companies last November made a serious mistake. Had they held on, they would now be showing an average 80 per cent gain on the partly-paid price. So the government's pleading that theoretically riskier shares in the two generating companies are more suitable for long-term investors than stags has curious implications.

A contrarian will be tempted to sell the generators on day one, except for the fact that they are being sold at a price which leaves little room for the initial premiums which proved so embarrassing to the government when the regional electricity companies were floated. The bidding by institutions has driven down the notional gross dividend yield to 6.3 per cent. If the market rises strongly between now and March 6, there might be even keener bidding for shares in the back-end tender, which would effectively guarantee small investors a premium when dealings start a week later. However, the real attraction of the shares lies in the generators' progressive dividend policies, a factor which is presumably fully discounted in the initial offer price. The dividend policy will only be realised in the medium term. Investors might sensibly see that as their selling horizon.

Markets

In the past month, the UK equity market has risen by 13 per cent. The reasons are familiar: the fall in interest rates, the rise in bonds and the assumption that the economic effects of the Gulf war are already in the price. It is worth asking what could drive the market higher. The outlook for base rate cuts has been widely publicised. The recovery in equities relative to bonds has taken the yield ratio from a low of 1.78 a month ago to 1.95. The strength of gilts has been based chiefly on the rally in bonds worldwide, which may now be petering out. Nor is the gilt market likely to be enthused by latest City talk of a £20bn avalanche of gilt issues in the next financial year.

The other big question for the equity market is how far its ebullience has depended on the silence of the corporate sector ahead of its annual results. This is where the war comes in. There is room for occasional scepticism about how far the drop in business and consumer confidence can be blamed on the Middle East as opposed to the economic cycle. But if a manufacturer of dog food and potato crisps like Dalgety could justify its held dividend a fortnight ago by reference to the Gulf, one shudders to think what the really exposed companies could be saying in a week or two's time.

More fundamentally, the market's implicit assumption in valuing equities is that real dividend growth is in the long run equal to real growth in GNP. But in the 1980s, corporate profits as a proportion of GNP soared above their normal range. That process now looks like being corrected. The yield ratio remains a very valuable indicator. But if the results season turns out as promised, the recent upturn in the ratio could run out of steam.

Building societies

Building society depositors are clearly a jumpy lot. Why else would the Leamington Spa have its arm twisted to merge with the Bradford and Bingley and the five biggest societies be launching a liquidity operation in its support? Leamington, to be sure, looks poised to assume the dubious honour of becoming the first building society for a decade to declare an annual loss. The figures have not yet been finalised, but the expectation is that bad debt provisions of roughly £20m will more than take care of last year's profits.

Any normal business would presumably take this on the chin. Leamington's balance sheet, after all, boasts £55m of reserves and the main capital ratios will emerge healthier at the end of last year, thanks to an increase in subordinated debt. But Leamington's problem has been on the traditional house lending side. The society has long been known for flirting with the riskier end of the market and is thought to have lacked adequate insurance cover for some of its 100 per cent loans – practices which have been fully exposed by the worst housing market for 20 years. No doubt others have made the same mistake and will be busy adjusting their own accounts. But it is worth remembering that bad debt provisions for the sector as a whole totalled just £85.5m out of £152bn of outstanding mortgage balances at the end of 1989. There will be more need for lifeboats elsewhere.

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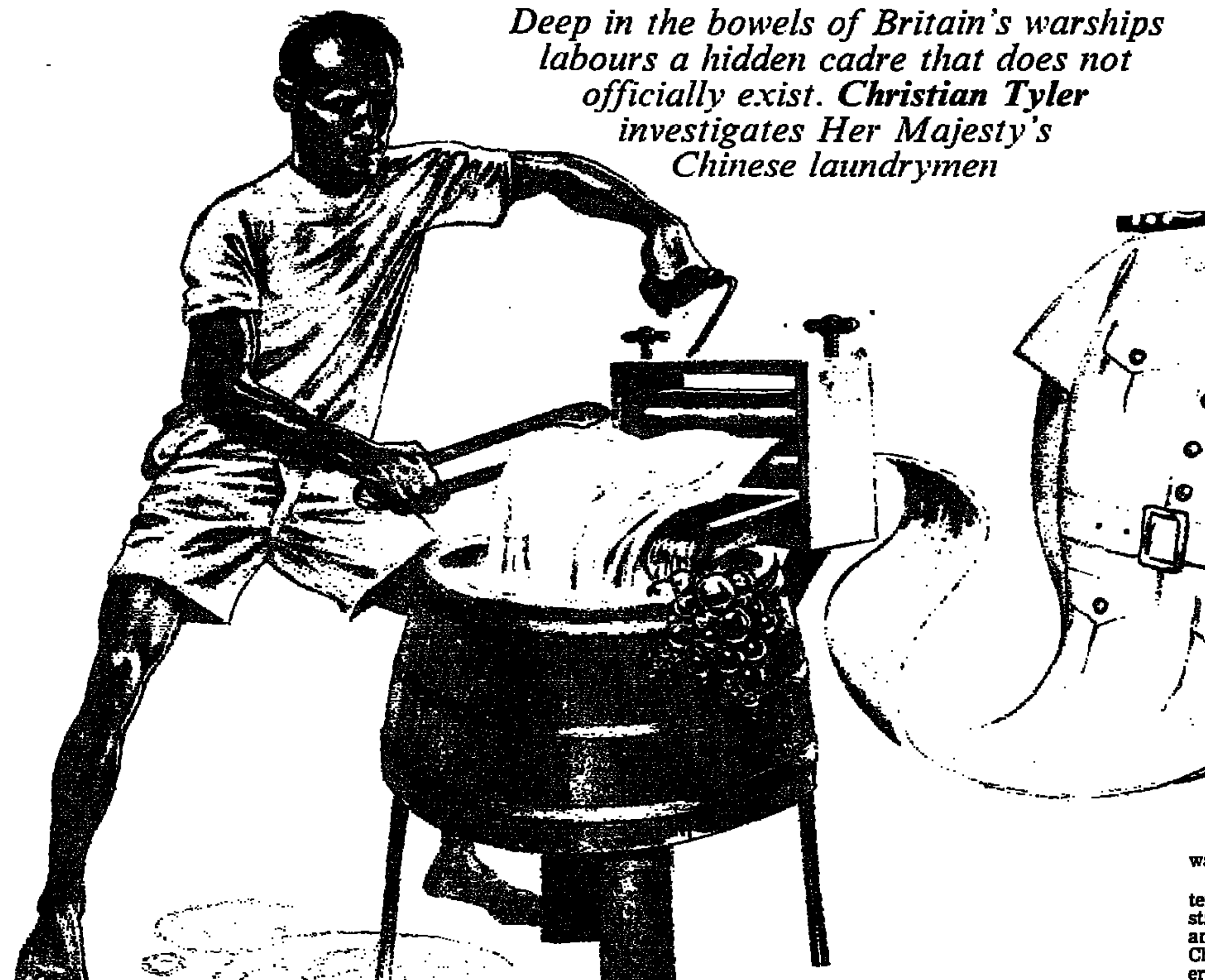
Weekend FT

SECTION II

Weekend February 23/February 24 1991

The Navy's private press gang

*Deep in the bowels of Britain's warships labours a hidden cadre that does not officially exist. **Christian Tyler** investigates Her Majesty's Chinese laundrymen*



OFFICIALLY, they do not exist. But it is hard to imagine how the British Navy could function without them.

They live, like the bird on the back of the hippopotamus, in mutually agreeable symbiosis with their host. The Navy does not employ them, does not pay them, feed them nor accommodate them. They don't wear uniform and are not subject to naval discipline. Yet there is a whole chapter of regulations laying down their conditions of service.

They are usually called the Unofficials. They live on board the Navy's warships like stowaways, for months or even years at a time. They work round the clock, deep in the bowels of the vessel, in sweltering, cramped compartments with the din of the engines constantly in their ears.

Officially, they have nowhere to sleep. Because they do not exist, the naval architects have included no berths for them in the blueprints. So they sleep on the deck, or in bunks unofficially rigged up. Officially, they are not fed. Unofficially, they barter with the ship's cook for pieces of chicken and bags of rice or vegetables.

They are Her Majesty's Chinese laundrymen. They do the boiling and scrubbing, the pressing, ironing and mending that makes the Royal Navy the best turned out of the British armed forces. Next time you see a warship gliding into port with her starched white crew stiffly to attention along the rail, you will know who has been working overtime.

The Unofficials go to war, too. Many served in the Korean War, and there are about 30 of them in the Gulf at this moment on board the 23 vessels of the British flotilla. It is not that they savour the thrill of battle. On the contrary, when Action Stations are sounded they usually prefer to be shut in the laundry until the all-clear goes. That does not make them safe, however. Two Chinese laundrymen were killed in the Falklands campaign: Lai Chi Keung was one of the 21 killed when an Exocet missile struck HMS *Sheffield* early in May, 1982. Kyo Ben Kuo was among the 24 casualties when the *Coventry* was bombed to the bottom of the sea.

Because they are not in the Navy, Unofficials cannot get official insurance cover for working in a war zone. The Ministry of Defence gives them the chance to leave their ship. Why should they choose to stay? Partly out of loyalty but also because – to be honest – when sailors are at war in a sweaty place like the Gulf, business in the laundry room is good. If any of the Chinese laundrymen is killed or injured the Navy will probably pay compensation – unofficially, of course.

The Unofficials (the MoD says it does not approve of the label) have been working as the Navy's volunteer press gang since before the Second World War.

According to a Chinese *former* naval employee in Hong Kong, where most of the laundrymen come from, this early stab at privatising public services started in 1938 in Wei-hai-wei, in mainland China, once a British concession. Others suggest it is much older, going back to the days of the China Station in the last century.

The practice spread quickly throughout the British fleet and the numbers have declined only with the remorseless shrinkage of the Navy itself. Today there are estimated to be about 150 laundry "boys" left, eight tailors and two shoemakers.

To say that the Navy does not pay the Unofficials is literally true. But of course they do not spend lifetimes around the washtub for nothing. They are on-board, freelance sub-contractors who collect their money directly from the officers and ratings according to a tariff drawn up by the senior laundryman, Number One Boy. Officers get hotel service: their laundry is delivered within 24 hours to their door. Ratings usually must collect.

Destroyers and frigates are served by two laundrymen, while the biggest ships like the aircraft carriers *Ark Royal*, *Invincible* and *Illustrious*, carrying over 1,100 men when on active service, will have up to ten. Since each sailor will spend around £5 a week it can quickly be seen that the Chinese laundry is a nice little earner.

Ships' captains, like colonial officers in the heyday of empire, have a special relationship with the Unofficials. They get their washing done free. At Chinese New Year – the Year of the Ram has just begun – there will be a small celebration on board when the captain gives out the traditional little red envelopes containing crisp new banknotes. "Kung hei fat choy", says the captain, as brandy glasses are raised for the toast. "Happy New Year!". It is the only day that the spin-driers fall silent and the laundrymen go on a binge.

The Navy tries hard to get things right at New Year. The commander of a Leander class frigate relates how a cake was commissioned as a surprise for his laundrymen. The chef had carefully picked out in blue icing the four Chinese characters written on the the little red envelopes. The moment arrived and the captain proudly pointed out to Number One Boy the New Year greeting on the cake. "Kung hei fat choy!", he cried. Number One grinned from ear to ear: "Ah, no sir", he said. "That say 'Hong Kong Shanghai Bank'."

This benign colonial relationship between British and Chinese, between the bridge and the lower deck is not as simple as it looks. Behind every laundryman stands the powerful figure of The Contractor. Usually he is a laundryman who has worked his way up; by now he may be a wheeler-dealer with business interests in Hong Kong. The contractor is a combination of middle-man, supervisor and gentleman's gentleman.

There are 11 contractors for the British Navy, including one widow. The Shao brothers organise *Ark Royal*, Harry Yuen has *Illustrious*, K.P. Lau has *Invincible*, Kang Shik Ming has *Brilliant* and Keung Chun Mo has *Fearless*. There is Peter Chong (*Intrepid*), Sung Sun Ching (*Chatham*), Kiang King Bun (*Battleaxe*), Chik Shun Chin (*Jupiter*) and Mrs Leung Sik Mui (*Hecate*). The smaller contractors work on board, the bigger with several ships live ashore.

Mr Big takes between 15 and 20 per cent of what the "boys" earn (a "boy" can be 70 years old) to cover things such as medical insurance as well as their own expenses and profit. He will fly out to his ship for periodic tours of duty to check for hidden dirt and, presumably, to make sure his piece of the action is not being laundered as well. During these visits he may act as unofficial valet and factotum for the ship's commander. The relationship can last a lifetime.

When a new warship rolls off the slipway, then it is the turn of the contractors to roll up their sleeves and show what they are made of. The competition is intense. One former holder of the Navy supply post in Hong Kong, the man who signs the laundry contracts on behalf of the RN, recalled just how intense.

Within hours of his posting to Hong Kong, the telephone rang home at his home in England. It was a Chinese voice, inviting him and his family to lunch in London's Chinatown. The voice belonged to a contractor who had got wind of the appointment and had flown especially from Hong Kong to get his bid in first.

A few days later the same officer was coming down the steps of the Ministry of Defence in Whitehall. He was hailed by a second Chinese dressed in a smart tweed jacket which looked as if it had come straight from the Burlington Arcade. It was another contractor. But this time, as he made his affable goodbyes, the contractor opened the officer's jacket and stuck a large, brown envelope into his inside pocket before striding off.

Inside the envelope was £500. The officer, being an honourable man, returned the money. Unfortunately for him, the signal was – misread: they thought he making a play for the big time. Arriving with his family in Hong Kong, the new appointee was bombarded with offers: free flights to exotic holiday resorts and personal services of an even more exotic nature. From time to time boxes of drink and hampers of groceries would appear outside his flat.

A more recent incumbent of the key post was Commander Roger Paine, now partnership administrator of Comins & Co, the long-established firm of London accountants. During his tenure at the shore base, HMS Tamar, he had the unenviable job of choosing who was to be the laundry contractor for the newly-commissioned *Ark Royal*, the plum job of the fleet.

Sure enough, there was trouble. One of the disappointed candidates, who had managed the old *Ark Royal* and assumed the contract would be his for the asking, said he would be taking the matter higher. And he did. He wrote to his former master, then the First Sea Lord, in order (so to speak) to press his suit. Soon a letter came back from his eminence at the Admiralty, written in green ink – it is an old naval custom that the First Sea Lord uses green ink – demanding to know what officious young whippersnapper had had the temerity to turn down his old friend . . . etc.

The prestige of the longest-serving Unofficials is illustrated by an episode in Gibraltar, when a retired admiral was Governor-General of the colony. A ship of the line had arrived in port and the Governor-General's limousine and driver were waiting on the quay. A crowd collected to watch the Navy's top brass disembark.

After a while, a Chinese was seen sauntering down the gang-plank. He walked straight up to the limousine, jumped in and was whisked away. It was Peter Chong, the contractor. The Governor-General was being measured for a new suit.

"There is a lot of banter on board and plenty of Chinese laundry jokes," Paine said. "But the Unofficials are regarded with a lot of affection. They work phenomenally hard and their loyalty to the Crown and the UK is total. You'd hardly know they were there half the time. But how could the Navy even have existed without these guys?"

Unofficials live with the Navy for 35 years or more, longer than most enlisted men. Their service certificates read like a roll-call of the Navy's glorious past. Many have campaign medals for the action they have seen – or at least heard – from their posts beside the boiling tub.

It was Kang Shik Ming, contractor for *Brilliant*, who made the breakthrough to official recognition of an even higher order. He was the first Unofficial to be awarded the British Empire Medal. The competition being what it is, four other contractors soon secured the same honour.

Hong Kong is due to be returned to China in 1997. Nobody knows what will happen to the Unofficials when the Royal Navy weighs anchor for the last time. "They are worried by 1997," said Paine. "But they are the last relic of better days and the only people to escape the net of Royal Navy bureaucracy. I don't see what they've got to worry about."

Somewhere in Hong Kong there is said to be a printed history of the Unofficials. But it cannot be released. Why not? It is an official document.

Life, liberty and the pursuit of sales

The Long View

The framework for the regulation of investment in Britain is creaking because basic issues of disclosure and fair competition have still to be properly addressed

IT IS nearly three years since the Financial Services Act was fully implemented, yet still the arguments about protecting investors go round and round.

Almost from the beginning there has been a running battle, still unresolved, with the Office of Fair Trading over disclosure of commissions and charges. The "polarisation" of intermediaries into various categories has led to serious problems. Now one of the self-regulating organisations which reports to Sib, called Fimbra, which authorises and supervises independent financial advisers, is facing serious financial difficulties.

The current problems nearly all focus around the life assurance industry. Pre-FSA, life companies were quite tightly regulated at the balance-sheet level but hardly at all in the way they sold their products. They were largely exempt from the old Prevention of Fraud (Investments) Acts, originally drafted in the 1930s primarily to curb fringe operators such as door-to-door share pushers.

Cold-calling was a privilege retained by life offices. They also relied on their ability to conceal information on costs and charges from clients (whereas stockbrokers, for instance, had to make their commissions absolutely clear).

The defence for such hard selling and soft disclosing was that life insurance was a good thing and deserved regulatory support. Indeed, buyers of life policies even received tax subsidies until 1984. Privileges were retained even though over the years life policies came more and more to resemble simple savings plans, with comparatively little actual life cover; indeed the savings-type policies carried much higher commissions, thus deliberately motivating sales forces to concentrate upon them.

Remarkable results have been achieved through the commercial power of the life offices. It is an extraordinary fact that something like 80 per cent of house mortgages being granted in the UK are backed by long-term (usually 25-year) savings plans, known as endowment mortgages. Highly lucrative commissions are raked in by banks and building societies.

Moreover, most of these savings plans are in the form of with profits contracts, on which up to 60 per cent of the benefits are only paid out at maturity. Yet in practice many policies are surrendered within a few years, at a huge loss to the investors, and possibly only 20 per cent of policyholders ever collect their full bonuses. Those that do generally get a good deal – but they are in a small minority.

Effectively, hard-sell techniques mean that many people are being sold the wrong sort of policy, or at least are left unaware of the nature of the product. Last year Hugh Scurfield, president of the Institute of Actuaries and chief executive of Norwich Union, told the institute that this behaviour did "nothing to enhance the reputation of the life insurance industry or the profession."

The life companies know that clear and full disclosure would be a commercial disaster for them and they have successfully resisted change. Their first device was "polarisation", which divided intermediaries into independent financial advisers (IFAs) and company salesmen. Even that was fudged, because an intermediate category of tied representatives was created to accommodate sales firms which did not want to match up to the more demanding standards of IFAs. They range all the way from *Halifax Building Society to* fringe firms like the defunct Homes Assured, still being investigated by the Serious Fraud Office.

These tied reps, which are only vaguely under the control of their sponsoring life companies, have caused a lot of trouble, but the losses have been quietly picked up by the industry; problems among IFAs have probably been less expensive in aggregate, but Fimbra has ironically attracted more publicity and more criticism.

As for charges, the battle still rages. Early on, SIB regulators were amazed to discover that a personal pension plan can carry as many as seven different layers of charges, mostly of an impenetrable nature. Under the standard selling regulations, all policy projections must be based upon the same arbitrary investment returns, even though policy charges may vary wildly from one company to another: expressed as a reduction in investment yield, expenses may vary between companies by as much as 3 per cent a year on a 10-year savings plan.

To begin with Lautro, the life offices' own SRO, set a maximum commissions scale, but the government threw this out on OFT advice. But the disclosure rules (scanty information comes buried in small print a week or two after the contract is signed) are so inadequate that there are few competitive pressures to prevent an escalation of commissions for IFAs. And company salesmen do not have to disclose *their commissions in any form.*

The weak link in all this has turned out to be Fimbra. In promoting polarisation the life companies cast adrift a sizeable element of their retail sales network. But many of the IFAs do not measure up to proper professional standards, and have difficulty in getting professional indemnity insurance cover.

That in turn means that the investors' compensation scheme is proving very expensive, although Fimbra complains that this has been partly because pre-FSA (pre-1988) liabilities are being loaded on to present practitioners.

Now the life companies are under heavy pressure to finance Fimbra in order to shore up the creaking framework. But subsidies for IFAs, albeit indirect, would undermine the principle that they act for clients and are responsible to them. The alternative would be to raise commissions – but if properly disclosed this would repel clients.

There is no satisfactory way out of this tangle unless Sib insists on proper disclosure by salesmen (including tied reps) and IFAs alike. Of course, what might be viewed as satisfactory by clients and by other investment institutions such as unit trust companies might not be seen in the same light by life offices..

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(*Source: Micropal to 1 January 1991, offer to bid, income reinvested)

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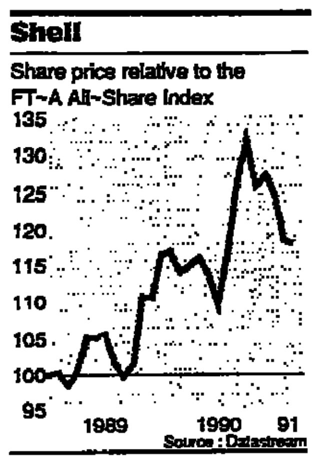
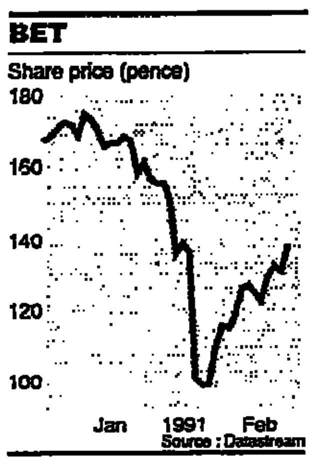
FINANCE & THE FAMILY: THIS WEEK





Shell fortunes fall further on news of mixed figures

Royal Dutch/Shell, the Anglo-Dutch oil group, lost more on the swings than it gained on the roundabouts last year, showing a 16 per cent drop in earnings for the year. A poor performance by the chemicals division, currency losses and a higher tax charge offset the effect of higher oil prices and an improved performance by the refining division. Shell shares, which have been marked down with the recent decline in the oil price, showed a further fall on the figures. *Philip Coggan*

BET boardroom changes help shares rally

Sharpened knives in the boardroom at BET, the diversified services company, led to an impressive rally in the company's share price this week. Dealers marked up the price by 7p on Monday as news came of a new chairman. By Thursday night, the shares had gained 15p on the week to 137p.

This was not solely a reaction to the replacement of the old chairman, Sir Timothy Bevan, with Nicholas Wills, the former managing director and chief executive. Analysts also liked BET's decision to put Biffa, its waste management subsidiary, up for sale in the first instalment of a wide-ranging shake-up. Wills said that streamlining was built "around the somewhat obvious fact that we have had to contract at the coal face". *John Authers*

Investment trust optimism . . .

"Start buying". That is the cheerful message of the renowned investment trust research team at County NatWest WoodMac in their review of 1990. The team argues that the UK market offers good value and that the US dollar is unduly weak against the pound. There is, according to County, a strong historical correlation between the strength of the investment trust sector and the strength of the dollar. In addition, the team believes that trusts will do well compared to other equities. There may well be a narrowing in the discount to net asset value at which shares in the trusts trade; and trusts should be able to allow their dividends to grow in 1991 at a faster rate than other UK equities.

Furthermore, the County analysts say that trusts seem to be investing with an eye to defensiveness and yield, which augurs well for the quality of their portfolios; and trusts are trading at a 12 month yield relative to the rest of the market *P C*

. . . Unit trust gloom

January's unit trust trading figures, taken at face value, looked modest but satisfactory, with £682.7m of units bought by investors and £553m cashed-in, leaving net new investment for the month of £129.7m. However, all the net new investment was accounted for by various life and pension companies with Prudential Corporation buying £130m of units from Prudential Holborn.

Thus, for the other 150 odd management groups, net new investment last month was zero on comparatively low levels of activity. So last year's problems of little or no real growth in unit trust investment are continuing with no sign yet of the private investor coming back into the sector More managers must be looking to Norman Lamont to ride to the rescue in his forthcoming budget *P C*

New funds from Fidelity

Fidelity launched a range of five unit trust funds to invest in international bonds this week, following a trend which has been set this year by new funds in the sector from Mercury, Barings and Newton. The five funds, in International Bonds, European bonds, Sterling bonds, US Dollars and Yen Bonds, offer yields varying from 6.94 per cent to 10.13 per cent.

Fund managers have been attracted to international bonds by widespread sentiment that world interest rates, which depress bond prices, may have peaked. The initial charge is 5.25 per cent, with a 1 per cent discount for investments before March 15. Minimum investment is £1,500. *J A*

Sun Alliance launches PEP

Sun Alliance has launched a unit trust Personal Equity Plan (PEP), with a minimum investment of £1,000 and a maximum of £3,000. The Equity Trust invests mainly in blue chip UK companies and carries a 6 per cent initial and 1.5 per cent annual charge. Founded in 1970, the Equity Trust ranks 22nd out of 56 UK Growth funds over the last 10 years, according to Finstat. *P C*

INSIDE . . .

BES cash safe as firm fails

John Authers reports on the tangled tale of Chancery, the financial services company which went out of business on Monday, and finds that many investors can breathe easily. Plus how some self-select PEPs hold nasty surprises for active plan-holders, and a look ahead to company results this week.

CGT deadlines looms for savers

Investors beware: April 5 could be the deadline for you to make a move which could cut the amount of Capital Gains Tax you are liable to pay. **John Authers** reports. Plus **Kevin Goldstein-Jackson** on what he wants out of Norman Lamont's first budget.

LONDON

Footsie dodges the bullets

CONFIDENCE is a fragile flower, but it made persistent attempts to take hold throughout a week which started with London being paralysed by IRA terrorism.

Most dealers were already at their screens before the Victoria railway station bomb brought travel chaos and Monday saw the FT-SE Index surge 21.4 points to break through the 2,300 barrier for the first time since Saddam Hussein invaded Kuwait last August.

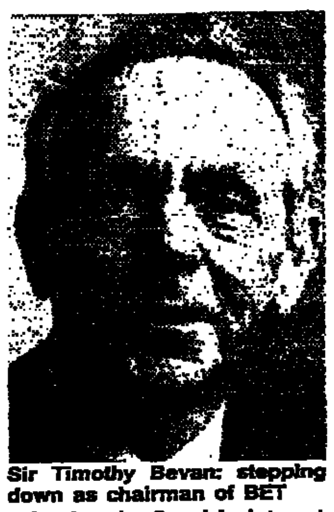
Terrorism aside, there was no shortage of gloomy news from all parts of the British economy. Barclays warned that it would cut at least 13,000 jobs over the next few years and British Steel said it would make another 1,100 redundant from its Ravenscraig plant in Scotland.

Confirmation that the UK is officially in recession came with figures showing that output dropped by 1.1 per cent in the fourth quarter of last year compared with the same period a year earlier – the first decline in growth recorded for a decade. January's retail sales fell by 1.4 per cent – the second largest monthly fall for 10 years.

Even more direct signs of financial distress came from the increasing number of bouncing cheques being issued to retailers and the setting up of an arson prevention bureau by insurers, who have seen a large increase in fire damage to commercial premises.

The market's advance has therefore illustrated a now familiar paradox: the worse the news about the economy, the more optimistic the City becomes about the prospect of a consequent cut in interest rates. The three-month interbank rate dropped below 13 per cent as the markets became convinced that John Major, the prime minister, would be forced to lower interest rates again soon - probably before the budget on March 19.

The City's view is partly based on the pound's recent stability and the hope that a



Sir Timothy Bevan: stepping down as chairman of BET

reduction in Spanish interest rate changes could give Britain more room for manoeuvre within the ERM. Growing talk of a possible early general election has also bolstered confidence in more cuts to come.

However, the London market has also recently been supported by the highest level of turnover in shares for more than a year, as the chart illustrates. Continental European investors, led by Dutch institutions, were buying at the start of the week.

UK institutions later took the opportunity to switch from sectors which have led the market's advance into other areas, such as property and construction, which have languished under high interest rates.

Increased volume also means more profits for the City. More two-way trading means better opportunities for brokers to make commission and gives market-makers more manageable risks.

It must be said that this improvement in sentiment came in a week which was light on big corporate results. An exception was Royal Dutch/Shell, the Anglo-Dutch oil group, whose 16 per cent drop in annual earnings was given a cool reception.

A string of poor results from construction companies continued with large profit falls announced by Alfred McAlpine and Ward Holdings. Most builders do not expect the housing market to recover until the second half of this year at the earliest.

There were, however, signs of companies at the sharp end of recession being prepared to to take drastic remedies. Thomas Cook, the travel agency group owned by Midland Bank, said it would cut the pay of all its 7,500 employees to cope with the slump in business.

BET, the debt-laden business services conglomerate which recently saw its shares crash, said Sir Timothy Bevan would step down as chairman later this year. BET will also sell some or all of Biffa, its waste management arm, and said group redundancies could run into hundreds.

One of the week's most interesting deals came with the £135m purchase by British Land, the property group headed by John Ritblat, of 15 supermarkets from J Sainsbury, the food retailer. Under the sale and leaseback agreement Sainsbury will lease the stores back from British Land for 35 years.

Only last month Tesco, the rival grocery chain, made a rights issue to fund a £572m store development programme and said the sale and leaseback market for superstores was very unattractive at present. The clinching of this deal was a much appreciated ray of light in Britain's traumatised property sector.

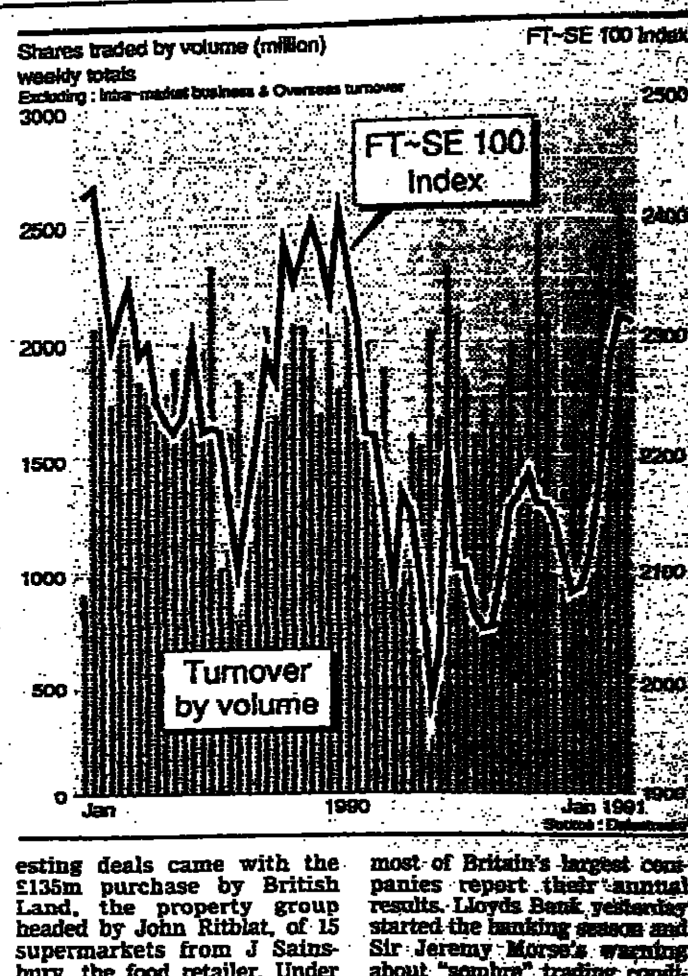
After Monday's surge, the market moved sideways during the week, being discouraged on Wednesday by early weakness on Wall Street and bouncing back the next day on renewed interest rate speculation.

What the current market needs is new information - and it is likely to get that in plenty over the next few weeks as most of Britain's largest companies report their annual results. Lloyds Bank yesterday started the banking season and Sir Jeremy Morse's warning about "sombre" trading conditions is likely to be echoed by other chairmen.

Companies have been encouraging analysts to reduce their forecasts of 1990 profits, so there should not be too many unpleasant surprises. But the market will be keenly interested in dividend policy and most of all in how executives judge the outlook for the rest of this year.

One factor underpinning the market this week has been growing confidence that the Gulf offers the prospect of an early peace – or swift victory for the allied coalition. If the companies which are about to report can see any glimmer of light at the end of the recessionary tunnel, then market confidence could bloom in time for a strong spring rally.

Andrew Bolger



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990/91 High	1990/91 Low	
FT-SE 100 Index	2314.3	+17.4	2463.7	1990.2	Selective buying for recovery
BET	139	+17	278	67	New chairman/Biffa for sale
BP	324	+17½	384	295	Switching from Shell
CRH	244	+18	286	187	BZW buy recommendation
Century Oils	112	+20	158	75	Fuchs Petrolub buys stake/bid poss.
Costain	204	+16	318	148	Kuwaiti building contract hopes
Crossroads Oil	45	+15	88	30	Joint venture hopes
Douglas (RM)	340	+35	433	265	Kuwaiti building contract hopes
Grand Met.	705	-32	743	514	Merrill Lynch caution/profit taking
Hazlewood Foods	179	+17	244	117	Analysts visit
Hunter Saphir	65	-10	135	52	Bid talks terminated
Rank Orgsn.	731	+56	875	514	Divi. buying/brokers presentations
Saatchi & Saatchi	17½	-6½	275	15½	Rights issue/restructuring
Thames Water	293	-20	315	197	UBS caution on sector
Turriff	57	-67	325	57	Loss/dividend omission

WALL STREET

Uncertain Dow drops to earth

UNCERTAINTY clouds the political stage. Uncertainty surrounds Wall Street. But are the two related?

It is a fact that the US stock market came down to earth last week. No sooner had traders returned from the extended President's Week End, than the Dow Jones industrial average, which had surged by more than 400 points since hostilities in the Gulf began, finally hit a sustained losing run. The index tumbled for three consecutive days, and on Friday morning was yo-yoing indecisively ahead of the Bush press conference.

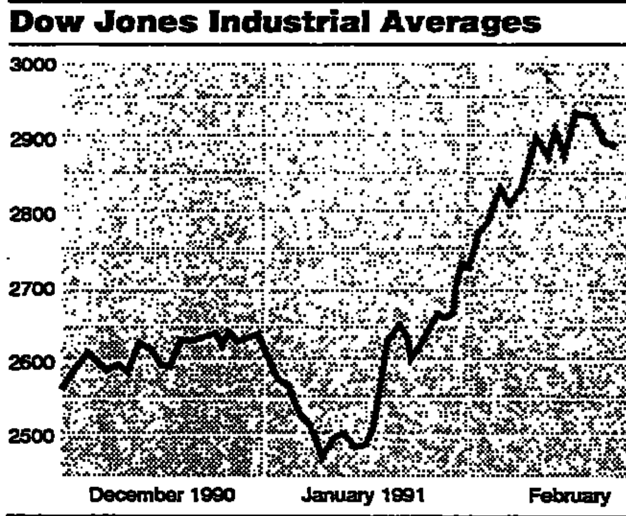
But weighing up the course of this reversal – the first three-day losing stretch since early January – is a more subtle matter. War factors undoubtedly played their part. At the beginning of the week, unease about an impending ground attack, and the effect which heavy casualties might have on public sentiment, reined in any lingering exuberance.

And by Friday, the delicate political game being played out over the Soviet peace initiative put virtually all reaction on hold for several hours. In the wake of President Bush's relatively accommodating response, the market moved forward more strongly – but it is still unclear whether the reaction would be sustained long term.

The reason is simple. If a patched up solution is found – a general withdrawal, say, that leaves Saddam Hussein's domestic power intact – no-one is over keen to predict how the market will behave. Logically, there should be budgetary savings if the Desert Storm initiative ends. In theory, too, the less tangible dampener which the war is supposed to have inflicted on US consumer confidence should evaporate. But having failed to gauge the full extent of the market's reaction to the outbreak of hostilities, pundits are treading carefully this time.

Moreover, many analysts and market players believe that it is still the nudges and

Dow Jones Industrial Averages



twitches of the domestic economy which are the main determinant over where share prices go next. It was noticeable, for example, that the one significant move in the Dow last week came on Wednesday, in the wake of a disturbingly strong inflation report.

That hits home. There is a certain school of thought which maintains that there is a scope for further interest rate cuts, in turn provided by evidence of the deepening recession and easing of inflationary pressures, which is the principal force behind the market strength. Yet the January consumer price figures showed the "core" inflation rate standing at 0.8 per cent, about doubles the average estimate.

True, there was the possible distorting effect arising from the imposition of certain taxes at the start of 1991, and analysts are still hopeful that the January figures will prove an aberrations. But the disappointment which greeted the figures was sufficient to knock over 33 points off the Dow, as cautious investors cashed in profits they had notched up during the previous weeks.

Signals from America's boardrooms meanwhile continue to give a mixed, but predominantly gloomy, picture. A steady trickle of companies from a fairly broad range of sectors, who are warning about current year profits and/or adjusting dividend payments downwards, continues.

This week's lists, for instance, encompass the likes of Caterpillar, the construction equipment manufacturer, Dun & Bradstreet, the financial information group, and Marriott, the hotel and contract services company. Their pessimism was partially offset by more cheerful news from areas of the economy where recession has yet to make much impact – Gillette, the giant shaving products group, raised its dividend by 15 per cent, for example. But companies like this remain the exception.

Meanwhile, over in the ailing commercial banking sector two of the major casualties continue their capital boosting efforts. Chase Manhattan, the second largest US banker, sold off its institutional asset management business to Union Bank of Switzerland, and said the deal would bring in around $100m. That nudged Chase shares mildly higher.

As its larger rival, Citicorp, the news was more dramatic. A Saudi prince, who has been quietly amassing a 4.9 per cent holding in the bank since last year, is to acquire $590m of convertible stock. If conversion goes ahead, this could take his stake to almost 15 per cent. Citicorp shares, which have clawed their way back from last year's lows, also made modest gains.

But even a flutter of renewed activity on the takeover front failed to produce significant ripples in the market generally. As with much recently bid business, the predatory interest came from outside the States. In this case, the would-be buyer was Groupe Schneider, a French electronic equipment group, and its target, Square D, an Illinois based manufacturer of electrical products. By the end of the week, it looked unlikely that Schneider's $1.8bn proposal would produce willing response from Square D, and both sides appeared to be limbering up for a proxy battle. Square D shares however, sparked into life – rising by over 25 per cent on news of the approach.

	Closed	
Monday		
Tuesday	2932.18	– 2.47
Wednesday	2899.01	– 33.17
Thursday	2891.83	– 7.18

Nikki Tait

SMALLER COMPANIES

Upturn brings wary optimism

SMALLER companies have had another good week, as shown by our table of the leading indices. The County index was up 3.2 per cent between February 14 and February 21 and the Hoare Govett index was up 3.1 per cent. Both rises were substantially above those recorded by either the FT-SE 100 Index or the FT-A All Share.

So have smaller companies finally turned the corner? Some of the people who are most interested in the answer to that question are the managers of small company investment trusts, which have suffered along with the decline in the sector.

Their general response is one of guarded optimism. David Warnock of Aberforth Partners says: "One's hope is that it is the revival but it may be tempting fate to call the turn. We are coming up to a fairly heavy reporting time when there may be some fairly horrendous results."

> 'We are coming up to a fairly heavy reporting time, there may be some fairly horrendous results'

Anthony Simonian of the Moorgate Investment Trust agrees that there may be bad news to come, but still feels that the rally can be sustained. "While I don't think it's necessarily a turning point in the prospects for the companies themselves", he says, "as far as their prices are concerned we have seen the turn."

There is further agreement from Philip Lovegrove of Grahams Rintoul who says "the outlook is much better than it has been for some time."

Jason Streets of the Kleinwort Benson Smaller Companies trust is particularly optimistic. He says there has been "a major shift of sentiment in the past week or two. People are looking to put money in the market and smaller stocks look a bit cheap. Cash is now coming into the sector when before it was leaving it. We might still see some kind of sell-off but most small company managers would treat that as an opportunity to buy."

As for the results season, Streets feels "there will be fewer surprises. There are many companies which are already expected to do badly."

So why has the recovery finally happened? David Warnock says "January/February is traditionally a time which sees some interest in smaller companies and relative valuations are now particularly low."

Another trust manager sees

Small cos indices

		% chg on wk
CSCI	876.3	+3.2
HGSC*	1083.33	+3.1

As of Feb 21. * Capital gains version

institutional interest as a key factor in the recovery. "The received wisdom is that small companies lag market recoveries but it has not happened this time. There has been some real buying of small company stocks by the institutions."

Moorgate's Simonian feels that "Small company prices have lagged far behind and takeover activity will reappear since there is some good value out there."

Brian Tait of Dundee and London Investment Trust agrees. "We have had a three year bear market in small company stocks and value eventually had to out. I've got a portfolio of 70 smaller stocks and I'm not selling anything at the moment".

But investors should be selective. One trust manager says: "There are a number of small companies which, contrary to myth, have cash, are well financed and have good records. These companies, of which there are quite a number, will see a recovery in prices."

Dundee and London's Tait says: "I think the good ones may well have turned; the average ones may be a bit dangerous. This is not yet the time to be buying recovery stocks. If a share is on an 18 per cent yield, that is telling you something."

There is also some doubt whether the recent outperformance vis-a-vis large companies can be maintained. Says Moorgate's Simonian: "Small companies may benefit from a general recovery rather than necessarily outperforming."

Brian Tait feels that "if the recession is longer and deeper than people think and goes into 1992 then I don't think small companies will outperform. If the recession is short, small companies could do so."

However, Streets is more upbeat. "We should see a return to small company outperformance – perhaps in the second half of this year, perhaps next year. Smaller companies were first into the recession and I think and hope they will be first out."

There may be some doubts among the chorus of views but the general tone is a lot more optimistic than investors have been used to hearing. And the investment trust sector, which offers diversification and professional management, is quite a good way for private investors to re-enter what is still a fairly volatile sector.

Philip Coggan

Company annual reports: some could do better

SMALL shareholders rarely get the opportunity to meet the management of the companies they own. They might catch a glimpse of the board of directors at the annual meeting – even exchange a few words with the chairman over wine and canapés – but that is about the extent of personal contact between the smaller owners of companies and the people that run them.

Large shareholders – the anonymous managers of pension funds and unit trusts and so forth who go under the collective name of the institutions – are the subject of much wooing from the corporate sector and in many cases receive face-to-face briefings from management at regular intervals. Smaller shareholders have to make do with the annual report.

The annual report is thus not merely a repository of financial information and a collection of glossy photographs – it is the prime vehicle for communication between management and the vast majority of smaller shareholders. It tells readers about the business of a company; about the management; and about the financial performance of the company during the year under review.

So what makes a good annual report? I am beginning to get a reasonable idea, having read through 100 sets of accounts, from both large and small companies, in the past few months as a judge in an annual award for published accounts sponsored jointly by the UK's three institutes of chartered accountants and the International Stock Exchange. The winners – BOC as the best large company, Nestor-BNA in the small company category – were announced earlier this week.

It helps if a company tells the reader what exactly it is that it does or makes, in bold, easily comprehensible terms, in a prominent place in the report.

Glance at the cover of the Nestor-BNA report and one sees five pictures with brief captions that explain the company's main activities in the healthcare and specialist personnel industries. On the inside cover of the BOC report is a brief, to the point explanation of what the company does (healthcare, industrial gases and high vacuum technology) and how many people make the products and in which countries.

The usefulness of a set of accounts is greatly enhanced if a summary of the key financial statistics – dividend, earnings sales, capital expenditure, capital employed and so forth for the group as well as analysis by business and geographical area – is to be found near the front of the document. This allows an "at a glance" understanding of how well the company has performed. If later in the report this is supplemented by charts showing the trends of key statistics over several years, so much the better.

The BOC document is unusual in that it carries biographies of all board members, on pages 4 and 5, before the chairman's statement. The shareholders can put faces to names and make an assessment of the calibre of those people entrusted to look after their investments.

The meat of any annual report is found in the detailed financial statements showing the balance sheet, the profit and loss accounts, a source and application of funds statement, and notes to the accounts. Accountants and financial analysts take pleasure in going through these figures with a fine tooth-comb. Others make more sense of the details if there is a written explanation of the important financial developments in an earlier part of the report.

In either case, it is helpful if the detailed figures are well presented. It is irritating if the typeface is not big enough to be read without a magnifying glass and annoying if you cannot tell at a glance which are this year's figures and which belong to the prior year.

Many companies now invest heavily in the design of their annual reports: that much is obvious from the extreme glossiness of the pictures or the sheer weight of the expensive paper used in the documents.

But as Richard Sykes QC, chairman of the judges, observed as the prizes were presented on Wednesday, an annual report should be more than a mere marketing document. Design should not be indulged in for own sake – it should be used as an unpretentious aid to getting the message across.

Sykes made another point: the annual report should be candid. If things went badly, the document should explain how and why. Moreover, if the company had engaged in a series of complex transactions – buying and selling companies – the financial implications of this corporate manoeuvring ought to be spelt out, in simple terms and in a prominent place in the report. Many companies spend lavishly on design but their reports are rendered worse than useless because of this financial obfuscation.

As Sykes said, the recession will provide companies with plenty to be candid about when they produce this year's annual reports.

David Waller

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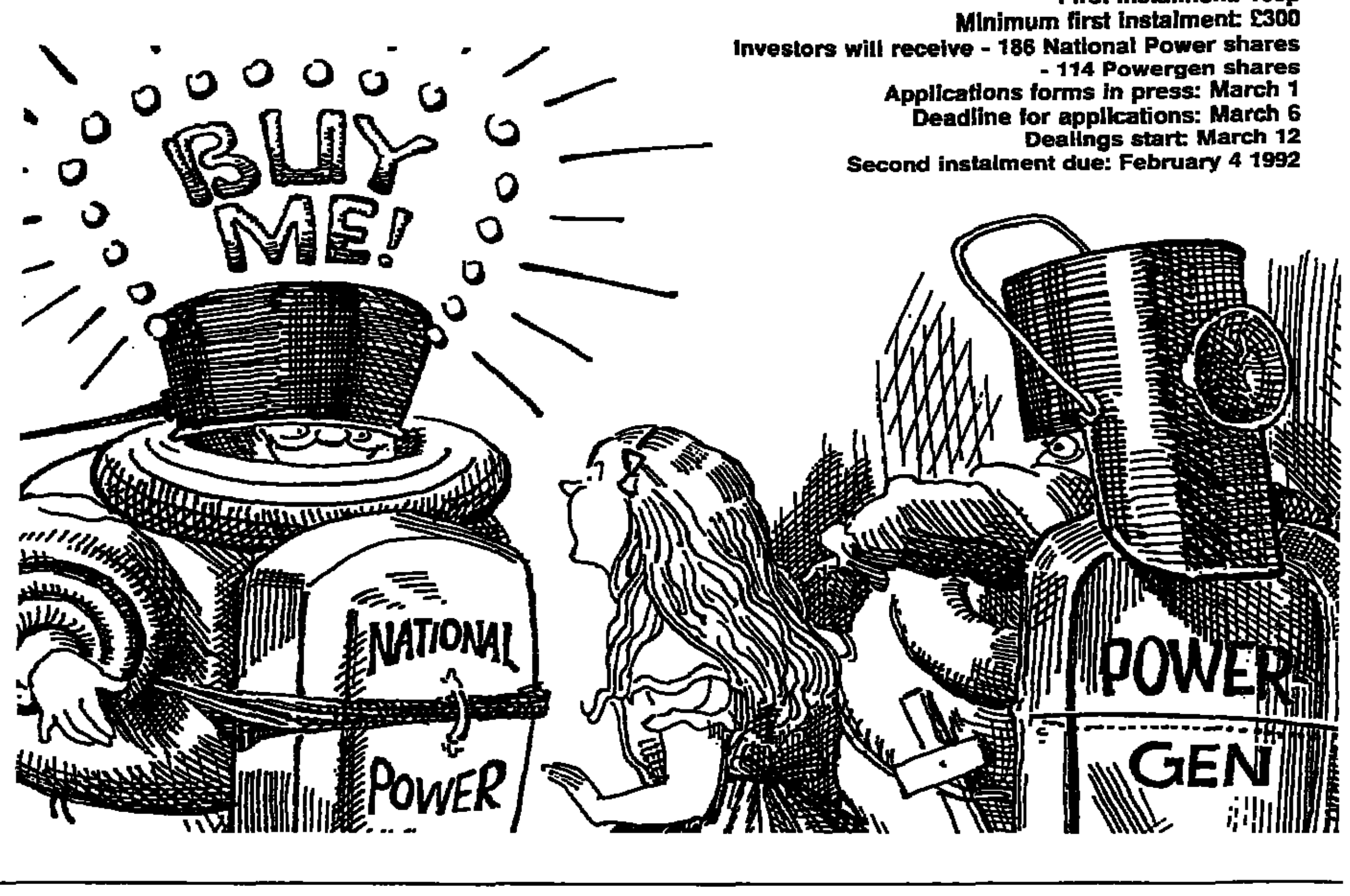
FINANCE & THE FAMILY

Family & Finance writers assess prospects for the privatisation of the two generating companies

Twin faces in a power play

THE ELECTRICITY OFFER
Share price: 175p
First instalment: 100p
Minimum first instalment: £300
Investors will receive - 186 National Power shares
- 114 Powergen shares
Applications forms in press: March 1
Deadline for applications: March 6
Dealings start: March 12
Second instalment due: February 4 1992



YOU STAND a much better chance of getting a worthwhile allocation in the generating companies' offer than you did in the regional companies, when many people obtained only a fraction of the shares they requested and applicants for large amounts got nothing. But if you are still seething about that, bear in mind some key differences between the two sales.

However many applicants there are, purely on the grounds of the minimum number you can ask for, you are bound to get more shares this time. That is because you will have to put up at least £300 to buy 300 shares at the partly-paid price, instead of £100 in the case of the regionals.

That minimum – £525 on a fully-paid basis – is bound to put off some people, which is the intention. The government always wanted to sell these shares to the more sophisticated private investor, and to this end the marketing campaign has been lower key. And do not forget that you must buy shares in both companies, although they will trade separately when dealings start.

The level of public interest looks uncertain. The government has a mailing list of 7.6m registrants who will be receiving application forms next week, but all but 250,000 of these were automatically carried forward from the regionals' sale.

The incentives too are not as alluring – there are no money-off vouchers for electricity bills this time. Applicants will have to choose between a cash discount off the second payment instalment – £8 for every £100 up to a total discount of £280, or a one-for-10 share bonus after three years up to a total value of £700 at the issue price.

But the government does not need to attract so many people to make the sale a success. After being cut to 60 per cent of the shares in the two companies, the flotation is significantly smaller at just over £2bn – compared with £5.2bn for the regionals.

Marketing group Dewe Rogerson says the average investment in this type of issue is £1,700. So fewer than 1m applicants will be needed to trigger clawback from institutions. But will successful applicants be getting a good deal?

Nobody thinks that the offer terms of 175p per share and a yield of 6.3 per cent are a give-away. The yield is seen as the lowest which the government could have attempted in today's stock market conditions. Any potential gain for investors could be wiped out if the market has a modest fall.

Although stags may not be happy, that does not mean that the shares are not a good investment. Analysts are enthusiastic about prospects for the two companies. But investors should remember that the substantial restructuring of the electricity industry has created long-term uncertainties for the two generators.

National Power and PowerGen enjoy the security of selling a commodity everybody needs. Assuming that electricity demand grows by around 1.5 per cent from the mid 1990s their product will not go out of fashion.

The generators make their profits on the margin between generation costs and the price of electricity. In the long term, this means the key to NP and PGen's business will be keeping costs down by building efficient generating plant and buying fuel cheaply.

But competition will only really pressure them into cutting costs when other generators enter the market in force. This is very unlikely to happen before the end of the decade.

For the foreseeable future, the two generators' main challenge is competing with each other for market share.

They do this by bidding their plant into the electricity "pool", a kind of spot market administered by the National Grid Company and which sets the price for electricity.

Their revenues will depend to a significant extent on how well they manage this bidding.

The two generators are in a strong position to face rivals. Their size and market share means they can afford the capital investment that will ensure their stations are competitive.

Another critical factor in the future competitiveness of their plant will be the fuel price, which represents most of the running cost of a power station.

The generators will also need to secure revenues by negotiating contracts with their large customers - either regional electricity companies or industrial consumers. Securing these contracts protects them from pool price fluctuations and they may also charge upfront fees for the contracts.

How successful the generators are at courting the contract business of large industrial customers in particular will affect the stability and predictability of their revenues.

Unlike the regional electricity companies, the generators are not subject to regulation. However, some City analysts believe they have too much control over the pool price of electricity, even assuming they do not act in concert as some believe they may. In the long term, suggests broker Phillips & Drew, the two generators could be referred to the Monopolies and Mergers Commission.

Finally, investors should be aware that both generators will have to support considerable capital investment programmes – particularly related to their environmental obligations – through the 90s. Broker BZW estimates that clean-up costs could chop up to around £500m after tax off the joint profits of the two generators in any one year.

Big but unwieldy

NATIONAL POWER, the larger of the two generating companies in England and Wales heading for privatisation, has the more to prove.

The company began life with proportionately far more staff than its rival PGen. Partly for this reason, City analysts are fond of damning it as the more bureaucratic.

The over-staffing is a residue of NP's hurried divorce from Nuclear Electric a little over a year ago. It was reflected in NP's prospectus, which also dwelt on the company's higher initial debt levels.

Yet these caveats about NP are double-edged. The very fact that it has more fat to cut than PGen means that it has more room for improvement. And the constant references to PGen as the more nimble of the two has prompted NP's management into elaborating aggressive commercial policies.

John Baker, NP's chief executive, says "If I could put any difference of colour on the two companies at present, my instinct would be that PowerGen have shown themselves slightly more concerned with technical innovation, while we are more concerned with customers and their requirements."

NP certainly showed itself to be more aggressive in chasing the supply business of large industrial customers last year, although there are still doubts as to how important this low margin business will be. It has also been more forthcoming in elaborating the rest of its strategy, even if the policies of both companies will initially be fairly similar.

NP is scything into its costs: it has announced plans to shed 5,000 jobs (almost a third of its total) and close 3,000 megawatts of capacity. The prospectus dropped broad hints that more may be needed.

The company has trumpeted its plans to reduce its dependence on high-cost British coal after 1993, when its existing contracts with the British Coal Corporation expire. Plans for new gas-stations and more coal imports are well advanced.

The government-imposed coal contracts help to provide predictability and stability of earnings. NP intends to pursue a "progressive dividend policy" over the next two years. Indeed, in private briefings, NP's directors have indicated that this will probably mean real dividend growth up to 1993.

After then, however, the prospects are much more uncertain. Power stations being built by new independent generators will add to the already large over-capacity in the industry. Environmental legislation, which imposes very heavy costs, may be tightened. New commercial contracts will have to be negotiated to protect the generators against fluctuations in electricity prices.

NP has two years to get itself into shape for this more unpredictable world. Most observers expect PGen to be quicker off the mark in adapting to the rigours of the private sector. This expectation could have a self-fulfilling impact on the companies' share prices in the short term. But the view could nevertheless be mistaken, not least because NP is determined to prove it so.

David Thomas

Small and nimble

POWERGEN, the smaller of the two generators, has always viewed its size as an advantage: it has been characterised as more entrepreneurial and flexible than its rival.

The City has recently become more divided. Phillips & Drew believes that National Power's larger and more broadly experienced management team will inspire greater confidence in the long term. Hoare Govett suggests a "hare and tortoise" scenario, with the PGen hare eventually overtaken by NP.

NP has a larger asset base: 40 power stations compared with PGen's 21. But it is worth noting that PGen's stations have a geographical advantage: four out of its five large coal-fired stations are near the coast giving it more flexibility to import coal.

PGen has already proved somewhat more aggressive on fuel-purchasing strategy, and is the more likely of the two generators to press ahead with diversifying its fuel sources away from British Coal.

PGen has also been more explicit about its commitment to gas-fired power stations. It was the first generator to commit itself to one of these new stations: Killingholme, which is due to come onstream in late 1992/early 1993, and is proud that it secured all the gas from the Pickerill field in the North Sea to supply the station.

However, PGen has less market share than its rival – providing only 30 per cent of the electricity sold in England and Wales.

This means it has less control over the electricity spot market, or pool, and over the tender process by which the two generators bid their power stations into the pool. It has already been said that NP really controls the bidding process because it has more stations.

Perhaps the most important, but more subtle, point in PGen's favour, is that its less obvious control over the pool has impressed the regional electricity companies and other large customers, who perceive it as being more friendly than NP.

In the recent round of contract negotiations, only PGen openly concluded deals with the regional companies. And it has done well in securing direct sales of power to large industrial customers. PGen now supplies 100 customers at approximately 370 sites, and sells them approximately 9,000 MW hours a year.

Whether charm will help PGen compensate for muscle, in the long term, is of course, another matter.

The company expects to make a pro forma profit of £264m before tax in the year ending 31st March 1991. It anticipates paying dividends of £43m, and hopes to pursue a progressive dividend policy.

PGen was injected with a lower debt level than NP – £270m compared with NP's £450m. This gives it a net cash position unlike NP.

However, its capital investment programme is heavier. In particular, PGen will have to spend more on its environmental requirements. Overall, the company expects £186m capital expenditure for the year ending March 1991 and around twice this level in the year to March 1993.

Juliet Sychrava

Sale well-timed for government

IT IS fortunate for the government that in selling the electricity generators it is giving investors exactly the kind of shares they currently like.

With profit downgradings and dividend cuts increasingly hitting other companies, investors have been seeking safety in the utility stocks.

The utilities sector does not exist in name on the London market, but in practice it has come into being as a result of successive government privatisations: telecommunications, gas, water and the regional electricity companies.

These companies are attractive to investors because they sell a basic product that everybody wants or needs. They can be relied upon to maintain or increase earnings in difficult times.

Moreover, the water and electricity companies. have been structured in such a way that most of them should eb able to raise dividend payments by significantly more than the inflation rate each year – at least until the next regulatory review.

Last December, some water companies opted to pay interim dividends that amounted to a rise of some 18 per cent over the level they would have paid in the previous year.

Since they were floated last November, shares in the 12 regional distribution companies have outpaced the overall gain in the stock market. Those in Manweb and South Wales are worth more than twice their partly-paid issue price.

However, analysts emphasise that the generators should not be seen in the same light as the distribution companies.

The regionals are local monopolies with their fortunes largely controlled by regulatory formulae tying the prices they can charge customers to the rate of inflation.

No such price regulation affects the generators, which have much more scope to control their costs and which compete directly with each other in selling electricity through the pool.

Indeed, in operating a domestic duopoly in a commodity, National Power and PowerGen are in a position previously unknown to the London market.

However, until March 1993, while their initial contracts with British Coal and the distributors are still in place, fuel costs and revenues are predictable. That puts them in a position similar to the regionals up to the first regulatory review in 1995.

For that reason, and for lack of any other reference points, the market will value the shares in relation to the regionals. That was undoubtedly handy for the government, because those companies are worth a great deal more than when they were sold last November. Floated on a notional dividend yield of 8.4 per cent, the package of 12 companies this week yielded just over 6 per cent prospectively.

The differential between the yield on these shares and the the average for a company quoted on the stock market has narrowed to 15 to 20 per cent. So, by introducing some competition between underwriters into the generators' sale, the government has got away with selling them on a yield of 6.3 per cent.

However, when a flotation is timed perfectly for the seller, it is rarely so ideal for the buyer. Potential investors are bound to wonder how much longer this rise in utilities' prices can go on.

Analysts agree that it is set to run out of steam this year, as UK interest rates fall.

But enthusiasts for the generators claim that the generators should start to shine compared with other utilities. They will be seen to have greater scope for controlling their own destinies.

Clare Pearson

How to buy

PLUGGING IN to the generators' sell-off is not difficult.

If you registered for information on the distribution companies (even if you did not buy the shares) or if you registered with the Electricity Share Information Office before February 15, you will receive your own personalised application form by February 28 (Thursday).

If this does not include you, then you will not qualify for the extra incentives but you can still buy shares.

The incentives are worth looking at if you are eligible for them. You can choose to have 8 per cent of the offer price deducted from the second instalment when you pay it next February, or receive one free share for each ten you were allocated, provided you hold on to them for three years.

Application forms will be available from February 28 via advertisements in national papers, banks and building societies and post offices.

You can still order a prospectus if you telephone the Electricity Share Information Office by midnight tonight.

The offer closes on March 6 at 10 am. The minimum investment is £525, to be put into both generators in the fixed proportion of 62 National Power shares for every 38 Power Gen shares. Shares in both companies cost £1.75.

The minimum first instalment is £300, and the balance is due in February 1992.

You must complete your application form and deliver it, either by post or to a receiving bank, by 10 am on Wednesday March 6. Trading in the shares will start on the Stock Exchange on Tuesday March 12.

You are allowed to make a joint application with up to three other people aged 18 or over, apply on behalf of children, grandchildren and wards, and authorise a responsible adult to make an application on your behalf. But it is a criminal offence to make more than one application for the benefit of any particular person.

The initial indications are that the small allocations to investors in the distribution companies will not be repeated. You stand a good chance of receiving most of the shares you apply for. However, in the likely event that the offer is still over-subscribed, the formula for allocating shares to prospective investors will be announced on March 11. Unlike in the distribution companies flotation, cheques from investors who are not alloted shares will not be cashed.

Once you know how many shares you have been allotted, you can improve their tax treatment by investing in a Personal Equity Plan. This saves capital gains tax when you sell them – although this may not be necessary because the threshold of gains you need to make before tax is payable is £5,000 – and you receive income from dividends gross of tax. Any dividends can be reinvested gross.

You can transfer shares into a PEP within 42 days of allotment without having to go through the usual process for moving equities into the plans of selling and re-buying them. Some charges will be payable but the operation is worth doing unless you want to dispose of your shares within a year.

Make sure that your PEP has a "self-select" option and that it is not one where all investment holdings are left to the managers' discretion, and take advice before opening a PEP.

John Authers

How to sell

A NUMBER of brokers are offering cut-price deals for those selling electricity shares. Some will allow you to sell shares before you receive interim certificates; some will allow you to amalgamate the holdings of family members to save costs.

Details of the offers are given below. There were some complaints about delays in payment after the distribution companies' offer; so investors should not assume that the company with the lowest commission is necessarily offering the best deal. The figures quoted are normally per company so double them if you want to sell stakes in both generators.

Anglo Pierson Options will deal on the basis of £12.50 per certificate for investors who apply though the firm. Additional certificates from the same family will carry a charge of £1 each. For bargains over £2,750, the charge is 1 per cent. The offer is only valid for the first six weeks after dealings start. 071-600-1711.

Diameter will charge £10 per company for a sale for investors who apply through the firm. Applicants will be able to sell without certificates. 0483-301983.

Granville Davies will sell for a minimum charge of £20. Family holdings can be amalgamated. For deals of over £1,000 but under £7,000 in value, the charge is 1.8 per cent. Granville is prepared to sell when trading commences, provided that the application was submitted through the firm. 071-488-1212.

Killik will charge £7.50 for those who apply using the firm and £10 for those applying by other means. Family members can be lumped together. 081-340-2040.

Leeds Building Society has linked with Capel Cure Myers to offer a charge of £6 per company for those who buy their shares through the society and £10 per company for those who have bought their shares independently. Both offers are only open to those with a Leeds savings account. Up to four members of a family can amalgamate holdings. Details from a Leeds branch.

NatWest Stockbrokers will charge 1.5 per cent, subject to a minimum of £17, for deals done through its Touchscreen service. Up to five family members can be processed for the same fee. Postal dealing is offered for 1 per cent, £9 minimum. Details from NatWest branches.

Redmayne Bentley has a fixed £15 commission on transactions of less than £1,000, with transactions above and below £7,000 at 0.5 per cent and 1.5 per cent respectively. The stockbroker will accept instructions to sell the minute the basis of allocation is announced. Investors can thus trade before they receive their interim certificates. 0532-436941

John Siddall, the Manchester-based broker, will charge a flat rate of £5 per certificates for sales to investors who apply though the firm. 061-832-7471.

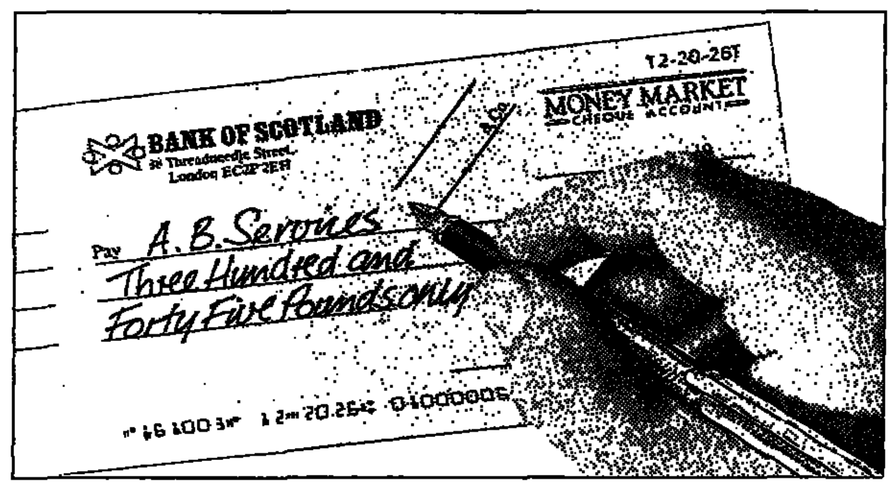
Skipton Building Society has linked with Capel-Cure Myers to offer investors the chance to sell their shares at £6 per company. Investors must have a Skipton investment account – opened before February 1 – but the £6 will cover the sale by up to four members of a family. Further details from Skipton on 0756-700500.

Torrie is offering a flat rate of £15 per holding, plus £5 per holding for other family members. If investors apply with Torrie before March 5, they will be able to sell their allocations before they receive their certificates. 031-225-1766.

Philip Coggan

Money Market Cheque Account from Bank of Scotland.

THE ULTIMATE HOME FOR ALL YOUR MONEY. INTEREST CREDITED MONTHLY AND SO ACCESSIBLE WITH NO PENALTY FOR INSTANT ACCESS.



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- No notice of withdrawal
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ADDITIONAL DETAILS

- The only requirements are that your minimum deposit is over £2,500 and that any transaction through the account (except a Bank of Scotland Visa payment) is over £250
- Cheques may be made payable to third parties
- Statements are issued quarterly, or more frequently if you wish
- Interest rates are variable and published daily in the Financial Times and Prestel, page 3951128.

- Available throughout the UK
- No need to have another account with us
- Interest is calculated daily and either applied monthly to your account or credited to any UK bank account
- The first nine debits per quarter are free of charge, thereafter a charge of £1 per debit will apply
- Money Market Cheque Account is available through Home and Office Banking (HOBS) another leading service from Bank of Scotland. (Tick box for details.)

	£2,500-£24,999	£25,000+
Gross %	11.55	12.00
Gross CAR %	12.18	12.68
*Net %	9.00	9.36
Net CAR %	9.39	9.77
**Net %	8.66	9.00
Net CAR %	9.01	9.38

Full terms and conditions are available on request. GROSS – Applied rate for interest payable when income tax does not require to be deducted. *NET – Applied rate for interest payable prior to 6th April 1991 after allowing for the deduction of Composite Rate Tax at the current rate. This tax cannot be reclaimed. **NET – Applied rate for interest payable on or after 6th April 1991 after allowing for the deduction of income tax at the basic rate (currently 25%). Non-taxpayers may re-claim income tax deducted. CAR (Compounded Annual Rate) – This is the Gross or Net rate adjusted to take account of interest applied during the year remaining in the account and itself earning interest.

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*I/We wish to open a Money Market Cheque Account.
*I am/We are aged 18 or over.
*I/We enclose a cheque made payable to Bank of Scotland for £ ____ (minimum £2,500).
Full Name(s) ____
Address ____
Postcode ____
Signature(s) ____
Date ____
Should the cheque not be drawn on your own bank account please provide details of your bankers opposite.
For joint accounts, all parties must sign the application, but only one signature will be required on cheques.

My/Our bankers are ____ Bank
Branch ____
Account Number ____
Please apply interest to my/our Money Market Cheque Account.
Please credit interest to my/our account no. ____
with ____ Bank
____ Branch
Sort Code ____
☐ Please send me your Home and Office Banking (HOBS) information pack.
For further information and full terms and conditions, tick box ☐ or ask for FREEFONE 8494.

BANK OF SCOTLAND
A FRIEND FOR LIFE
FT 23/2

Bradford & Bingley takes over Leamington

LEAMINGTON SPA Building Society, after weeks of speculation about its 1990 results, has bowed to pressures for a merger. It is to be taken over by Bradford & Bingley, the number seven society, though the merger will not be effective for at least three months.

Leamington Spa ranks 21st by size in the industry, with 117,549 savers and assets in 1989 of £1.1bn. It is no secret that it has been having a hard time in the market over the last year or two, partly because it was prepared to look at mortgage business which some other societies would have turned away.

Last week the society admitted that it might even announce a loss – something unprecedented in the industry. By itself a loss is not a disaster for a society, at least from its customers' point of view, since by law building societies have to be well cushioned by reserves. Gross reserves at Leamington Spa in 1989 were 6.36 per cent, far above the legal minimum of 4.0 per cent.

Despite this, the Building Societies Commission – the industry watchdog whose duty it is to protect the interests of savers – has ordered Bradford & Bingley and the five largest societies to make a stand-by credit available to Leamington Spa, just in case there is a sudden run on it by customers wanting to take their cash elsewhere.

This facility will remain available until the merger with Bradford & Bingley is complete. So despite its poor trading performance and high level of provisions, there should be nothing for Leamington Spa customers to fear.

Meanwhile there is a slight consolation for Leamington Spa account holders. They have, of course, to approve the merger at an extraordinary general meeting, and they can expect some incentive to approve it in the form of a bonus.

The size of the bonus has not been announced at the time of writing, but both societies expect that it will be around 1 per cent gross on savers accounts. This would be in line with recent building society mergers where a weaker society merger was involved.

If you are a Bradford & Bingley customer, the merger should make no difference to you. The B&B says it plans to use Leamington Spa's headquarters as a divisional office running a specialist service.

David Barchard

DIRECTORS' TRANSACTIONS

SHARES OF companies in the financial services industry have been buoyed up with the rise in the market. Warburg directors were selling heavily last autumn at prices around 450p. The prices fell to below £3 at the time of the interims and has now recovered with the directors' sales again becoming obvious. Limited selling has also been seen in M & G, Henderson Administration and Mercury Asset Management.

P & P, a computer service company, reported results ahead of expectations and followed this with three directors picking up stock at prices between 66p and 76p, with the price moving sharply better.

Bridgend is due to report first results in April, with five directors picking up shares just prior to the close period. The company is involved in the wholesale distribution of electrical products and despite credible results the shares trade at a third of the 1989 high. Directors of smaller company investment trusts have been major buyers of their own shares. Perhaps they feel the lengthy period of underperformance in this sector is due to end.

Angus MacDonald
Directus

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Baker Harris S'ders	40,000	14	1
Eldridge Pope "A"	12,500	13	1
Farnell Electronics	45,000	73	2
Great Portland Est.	150,000	350	1
Greene King & Sons	9,000	36	1
Helical Bar	16,000	20	1
Henderson Admin	2,000	13	1
Land Securities	30,000	167	1*
M & G	3,000	13	2
Neotronics	15,000	14	2
Sims Foods	70,000	128	1
Tarmac	3,900	10	1
Travis Perkins	90,000	175	1
Union Square	500,000	40	1
Warburg SG Ord	104,000	384	4
Warburg SG Conv Pre	27,408	33	1
Warburg SG Conv Def	30,000	42	1
PURCHASES			
Argyll Group	5,000	14	1
Assoc Brit Eng'ing	500,000	10	1
Baker Harris S'ders	40,000	14	1
Brunner Inv Trust	15,000	20	1
Bridgend	613,476	171	5
Erith	180,000	85	1
Helical Bar	16,000	20	1
Hollas	250,000	28	1
Leslie Wise	320,000	203	1
London & Merchant	21,455	17	1
P & P	77,000	57	3
Palma Group	500,000	40	3
Ratners (Conv Pref)	7,500	66	2
Sims Foods	69,000	126	5
St James Place Cpil	250,000	163	1
Throgmorton Trust	53,000	25	3
TR Smaller Co Inv	10,000	11	2
Unitech	100,000	178	1
Warburg SG Conv Def	42,000	59	1
Wiggins Group	180,000	14	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 11-15 February 1991.

Source: Directus Ltd, Edinburgh

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BES cash safe as firm fails

INVESTORS in schemes run by Chancery, the financial services company which went into administration on Monday, must by now be feeling bewitched, bothered and bewildered.

The company, best known for its sponsorship of Business Expansion Scheme companies, was forced into administration by bad property loans. Salvage attempts ensued and at the end of the week we at least know more about the relationship of a BES sponsor to its companies and about the safety of BES investments. No BES investors have lost any money at all.

While Chancery's banking arm was illiquid, the corporate finance division, which deals in BES, was profitable and approaching the crucial few weeks at the end of the tax year when it does most of its business.

It was soon apparent that investors' money was safe. Cheques had in many cases not been made payable to Chancery PLC but to the BES companies themselves, and were held in trust accounts at Barclays Bank.

One of the administrators, *Colin Bird, of Price* Waterhouse, announced on Monday that it was "strictly business as usual. He said: "There is no reason why investors should not continue to invest in BES schemes sponsored by Chancery."

The administration order applied only to Chancery's banking division and the BES side could continue to trade.

However, the order had critically damaged the company's name in the marketplace. One adviser commented that investors were unlikely to queue up to put investments of £40,000, for five years, into a company which was ultimately under administration.

For legal reasons, it was necessary to alter Chancery-sponsored prospectuses to state that the parent company was under administration.

Talks started to find new sponsors for the schemes which Chancery had launched. The position changed almost hourly for most of the week.

The latest position on the four BES issues which Chancery was sponsoring is as follows:

■ Growth Assured 1991 has been discontinued. All money invested in it will be returned to investors over the next ten days. Around 300 people had deposited a total of £2.6m.

Efforts to persuade Salomon Brothers, the US investment *bank, to take over sponsorship* of the scheme, which invests in assured tenancy properties belonging to its subsidiary The Mortgage Corporation, came to nothing. However, talks have continued all week to find another sponsor for the scheme, which has the blessing of several leading consultants. Further developments are likely next week.

■ Kerrington Developments, a well-established BES company, is to carry on without a sponsor. Money invested in Kerrington before Chancery went into administration has

been allotted to shares in the company, while all cheques received since then are being returned. Kerrington will reissue a prospectus, without Chancery's name on it, by the end of next week.

■ Hurlingham Properties has decided to terminate its sponsorship agreement with Chancery. But the board is continuing discussions into alternative arrangements, which could include a new sponsor or continuing without one. An announcement is expected next week.

■ Constellation Homes Dividend decided yesterday to stay loyal to Chancery and to *keep the company as a* sponsor. The company said it had great faith in Chancery's BES managers and wanted to continue its association. This is subject to assurances from the administrator that investors' funds paid in will be safe and that intermediaries can be guaranteed outstanding fees owed them by Chancery.

Chancery's trust to invest in enterprise zone property in London's docklands, for which prospectuses went to print on Friday, is now in limbo. It will not now be issued under Chancery's name.

Several alternative sponsors, including Greig Middleton, the stockbroker, are considering taking the scheme on board. Time limits are tight but the scheme may yet be offered to investors this year.

The week has not been a good one for the BES industry, due to problems completely unconnected with it. At the end of it the role of the sponsor is open to question, but investors can sleep well in their beds. Your BES investment is not at risk if the sponsor goes into administration.

■ The Investment Management Regulatory Organisation (IMRO) advised its members not to advertise BES schemes as having "guaranteed" returns on their investments yesterday.

IMRO said it was concerned that marketing products using this claim when it was not justified could confuse investors. It said the word could only be used if there was a legally enforceable arrangement with a third party, who agrees to meet the investor's claim for the amount "guaranteed".

CASEBOOK

Beware charges on self-select PEPs

COMMISSION charges on share dealings inside Personal Equity Plans (PEPs) can negate all the tax advantages of the schemes, a reader readers has discovered.

Although she has been unlucky her case highlights several points you should bear in mind before deciding to invest in a PEP.

Our reader took out her PEP in 1987 and made an initial investment of £2,400. At this time she had to pay a flat charge of £75 (plus VAT) and a 1.25 per cent annual charge. There were no extra commissions.

She used the PEP to keep a number of small holdings and dealings were made at her discretion. Decisions were not left to the managers.

This changed after the rules governing PEPs were altered in the 1989 budget. She was informed in August, with a month's notice, that as a result of the new regime the annual charge would be reduced to 1.0 per cent, but that normal rates of commission would apply to all dealings within her portfolio. The minimum commission per deal at the time was £25, which was subsequently increased to £30.

These high rates of commission made dealing in the small amounts she held at the time uneconomic. For example, in one share transaction she sold £377.50 of stock in one company and re-invested it in £365.79 of stock in another.

Commission of £30 for both the sale and the acquisition, plus £2 stamp duty, meant that she had effectively paid £62 to acquire shares worth £365.79. Small wonder that the £2,400 she invested in 1987 had *shrunk to £2219 at the end of* January this year – and she would need to pay more in commission to sell it.

This particular PEP did not turn out to be a good investment. However, Robin Bloor, of Chase De Vere, points out that changes made in the budget left managers with no choice but to alter the way they operated the scheme. Provided fair notice was given, investors could have little to complain about, he said.

He added that our reader would now be best advised to transfer the shares out of the PEP and into her own name. There are a number of companies, such as MIM Britannia, which will then accept free exchange of shares into a PEP. If the new PEP had lower commission charges and the costs of exit from her first PEP were not prohibitive, this might allow her to recoup some gains from the investment.

A number of other lessons came out of our reader's experience:

■ Budget changes to the legislation governing PEPs have been a regular fact of life since the scheme was introduced and these changes mean that PEP managers will often legitimately be forced to vary conditions from those which prevailed when you made your first investment.

■ Unless you are a very sophisticated investor, the managed PEPs now on offer make more sense than those where you are given discretion to make your own selections of equity holdings.

■ A "self-select" plan might still make sense if you intend to use it for only one, or perhaps two holdings, and hold on to them. This might happen if you have bought the PEP via a company scheme. In this case you can take advantage of low over-all administration costs, *with no extra commissions,* and reap the full benefits of re-investing your income gross.

John Authers

Mortgage market concentrates on fixed-rate offers

HALIFAX Building Society this week lowered its mortgage rate for new borrowers from 14.5 per cent to 13.75 per cent but there was little sign this week of any relief for those with existing mortgages.

It seems clear that most homeowners will have to wait for base rates to fall further before they will see a mortgage rate reduction.

Most activity in the mortgage market was centred on a proliferation of fixed rate offers. Borrowers should ponder carefully before rushing into these deals.

Interest rates are widely expected to fall over the next year, but no-one can be certain whether they will fall to a level above or below the fixed rates currently on offer. It may well be, however, that a fall in rates would allow lenders to offer even more attractive fixed rate deals in future.

The following are some of the recent mortgage offers. Readers should note that not all lenders spell out the annualised percentage rate (APR) they are charging.

BNP Mortgages is offering a fixed rate of 12.25 per cent (APR 13.0 per cent) until April 1992. Those remortgaging will be offered 12.45 per cent (APR 13.3 per cent). The arrangement fee is £195 and there is a redemption penalty of two months' interest.

Britannia Building Society has extended its 11.9 per cent fixed mortgage offer (APR 15.4 *per cent). Borrowers must* insure their home and contents with Britannia and pay an £150 administration charge. There is a 90 day interest penalty if the mortgage is redeemed before December 31 1992.

City & Provincial is dropping its home loans rate by 2 percentage points to 14 per cent from April. The rate is reset every six months.

Derbyshire Building Society is offering a mortgage which will be fixed at 12.25 per cent (APR of 15.3 per cent) until June 30 1992. There is an arrangement fee of £150 and a penalty of three months interest on early redemption.

Greenwich Building Society is offering a variable rate mortgage of 13.45 per cent with a guarantee that the rate will be 1 per cent below base rates for the first year.

Leeds Permanent is offering a loan fixed at 11.95 per cent for one year (APR 15.2 per cent). Arrangement fee is £50 and borrowers must take out an endowment or pension policy, plus buildings and contents insurance.

London & County Mortgages is offering 11.95 per cent fixed until July 1, 1992. In the following year, the rate will be capped at 12.95 per cent, but with a floor of 10.95 per cent. The fee is one month's interest plus £150. There are no redemption charges.

Northern Rock Building Society is reducing its mortgage rate for new borrowers from 14.5 per cent to 13.75 per cent. A further 1.05 per cent reduction is available to those borrowers who take out building and contents insurance.

Woolwich Building Society is offering a fixed rate of 11.9 per cent for two years. The mortgage is only available on a pension or endowment basis and there is an administration fee of £100. Redemption penalty is three months' interest in year one and two months' interest in year two.

Philip Coggan

THE WEEK AHEAD

MORE GRIM news is likely from the banks this week after Lloyds Bank's discouraging results on Friday and its warning of "sombre" trading conditions ahead. Heavy provisions for bad UK loans will bring home the damage being wreaked by the recession. But with the size of provisions an unknown quantity, analysts can take only a stab at forecasting pre-tax profits.

The range for National Westminster's pre-tax profits on Tuesday run from £400m to £650m (£404m in 1989) and Barclays could turn in on Wednesday pre-tax profits of between £672m and £950m (£692m).

Unilever, the Anglo-Dutch food and consumer products group, should pass £1.8bn (£1.7bn) in full-year pre-tax profits when it reports on Tuesday. Nearly two-thirds should be contributed by Europe, where a strong performance will push up profits by close to 20 per cent offsetting weakness in North America.

More than any other company, ICI is still regarded as the bellwether of the UK stock market. The chemicals giant has sent clear signals to analysts over the past couple of months that 1990 pre-tax profits, announced on Thursday, will fall just below £1bn; in 1989 ICI made a record £1.527bn.

ICI's performance in the final quarter of 1990 was almost certainly the worst for several years. The company was hit by the recession in the US and UK, its two most important markets, and by the high cost of oil-based raw materials.

The City would be even more shocked if ICI cut its dividend, as it did in the depths of the recession 10 years ago. A maintained dividend on £980m pre-tax profits would be covered about 1.5 times.

The market is confidently expecting the 1990 results of the UK composite insurance groups to be their worst ever, in real, as well as in monetary terms. Just how severe the losses of these companies are will be seen next week when the reporting season opens.

However, somewhat paradoxically, the first group to report, Commercial Union, could report a small pre-tax profit on Wednesday because it is not as badly exposed to bad lines of business; forecasts range from a £20m profit to a £10m loss, with the average being a pre-tax profit of £10m. This result is well down on 1989's profit of £150m earned in 1989.

Analysts predictions are likely to be fulfilled later on Wednesday when General Accident reports its figures (estimated losses of £85m-£145m versus £147m profit) and confirmed on Thursday when Royal Insurance announces its results (losses of £186m against profit of £125m).

However, shareholders can expect all three to marginally raise dividend payouts for the year.

Tessa rates still holding firm

COMPETITION in the Tessa market means that the base rate cut of half a percentage point has led to few reductions in the rates on offer, writes Philip Coggan. Indeed, the main news was an *increase* in rates offered by the Woolwich Building Society of 0.5 per cent. Balances between £25 and £2,999 now will receive 13.5 per cent; those investing the full £3,000 14.5 per cent. Those opening accounts before March 31 will get an additional interest premium of 1 per cent, payable on December 31. An interest bonus of 0.25 per cent will be added on each anniversary of the account's opening. This week, the table shows the top rates (including bonuses).

TESSAS – THE HIGHEST RATES

	Min (£)	Int (%)	CAR (%) (exc bonus)	CAR(%) (inc bonus)	Transfers elsewhere
Deacon Hoare	250	15.00	15.87	16.43	no notice needed
Nationwide Ang Bond	*3,000*	*15.50*	*15.50*	*15.65*	*90 days notice or int penalty*
National Counties BS	4,000	15.40	15.50	15.60	90 days interest penalty
Skipton BS	100	15.25	15.25	15.49	no notice required
Lambeth BS	500	14.75	14.75	15.36	60 days notice
Nationwide Ang Flexible	3,000	15.15	15.15	15.30	90 days notice or int penalty
Exeter Bank	250	14.25	15.03	15.21	1 month's notice
Norwich & Peterboro' BS	1,000	14.50	14.50	15.11	no notice required
Cambridge BS	1	15.00	15.00	15.06	7 days notice and £25 admin fee
Nat'l Guardian Mortgage	500	14.50	15.03	15.03	1 month's notice and £25 admin fee

Source: Bay's Golds. No transfers from Nationwide Anglia before 6 April. Transfer penalties are in addition to lost bonuses.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Audit & General	3½	3½	6½	1.24	West Inds.-
Bardon Grp.	125	121	87	93.00	Evered
Broad Street	1⅝	¾	8†	0.5	BODP
Thames TV	‡	274	291	‡	THORN EMI
Touchstone	6*	5	5	6.05	Getronics
Touchstone	5½	5	4	5.64	Stratagem
Yale & Valor	335	327	239	393.61	Williams Hldgs.

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 22/2/91 †At suspension. §§Shares and Cash. ‡Terms are 250p cash, plus two contingent deferred cash payments totalling up to 50p in aggregate, per Thames ord. share; total value of bid between £124.1m and £148.9m.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo & Overseas	Dec	7,660©	(8,380©)	6.64	(7.27)	6.15	(5.6)
Baldwin	Oct	2,110	(2,460)	7.8	(10.5)	2.8	(2.55)
Cheltenham & Glo	Dec	144,700	(107,800)	-	(-)	-	(-)
Cranbrook Elec.	Sept	696 L	(489 L)	-	(-)	-	(0.5)
Fairway (London)	Dec	1,050	(756)	4.6	(3.81)	3.0	(2.75)
Gartmore Pacific	Dec	851 §	(-)	0.19	(-)	0.1	(-)
Lloyds Abbey	Dec	318,900	(294,600)	30.9	(29.8)	17.0	(17.0)
Lloyds Merchant	Dec	12,400	(12,800)	-	(-)	-	(-)
McAlpine Alfred	Oct	9,210	(23,640)	20.9	(31.0)	10.3	(16.1)
Newmarket Vent.	Dec	1,200 L	(1,310 L)	-	(-)	-	(-)
Provident Fin.	Dec	36,200	(31,700)	48.0	(42.8)	23.5	(20.5)
Scottish Eastern	Jan	20,320§	(18,310§)	1.41	(1.22)	1.35	(1.17)
Shell T & T	Dec	3.6bn♣	(3.9bn♣)	39.6	(44.0)	20.1	(18.4)
Stainless Metal.	Aug	141 L	(908)	-	(10.6)	1.0	(4.0)
Taveners	Dec	81	(287)	2.3	(9.41)	1.5	(1.5)
Temple Bar Inv.	Dec	11,130	(9,050)	14.3	(11.7)	11.9	(10.2)
Tribune Invest.	Dec	3,900#	(3,470#)	7.61	(6.78)	5.9	(5.2)
TR Pacific Inv.	Dec	n/a	(n/a)	0.53	(0.52)	0.25	(0.25)
Trust of Prop.	Dec	102#	(94#)	1.55	(1.42)	1.364	(1.21)
Ward Holdings	Oct	3,930	(7,220)	4.7	(8.5)	2.6	(2.6)
Yelverton Invest	Oct	903	(401)	5.2	(2.4)	2.0	(1.0)
York. Chemicals	Dec	10,790	(9,600)	37.8	(36.3)	13.5	(12.0)
York Waterworks	Dec	1,770	(1,070)	17.0	(-)	6.0	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abingworth	Dec	427#	(51#)	-	(-)
Alumasc Group	Dec	2,770	(2,220)	3.2	(2.85)
Armitage Brothers	Dec	579	(503)	2.5	(2.4)
Ashtead Group	Oct	2,500	(3,800)	1.1	(1.0)
ATP Communications	Sept	48 L	(103)	-	(-)
Community Hospitals	Dec	2,000	(3,100)	2.2	(1.9)
ECU Trust	Dec§§	372#	(-)	-	(-)
Elan Corporation	Dec¥†	1,500	(736)	-	(-)
Fairbriar	Sept	3,210 L	(3,320)	-	(1.25)
FII Group	Nov	3,700	(4,020)	5.0	(4.0)
Fleming High Income	Jan●	1,440	(1,580)	1.45	(1.3)
Geevor	Sept◆	1,360 L	(10)	-	(-)
Haynes Publishing	Nov	494	(1,860)	1.0	(4.5)
Herzburger Brooks	Nov	104	(53 L)	-	(-)
Howard Holdings	Oct	155	(1,210)	-	(0.6)
North American Gas	Jan	353#	(521#)	1.12	(1.12)
Raglan Property Tst.	Sept	3,380 L	(599)	-	(-)
St David's Inv. Tst.	Jan	281#	(242#)	4.7	(4.4)
Second Alliance Tst.	Jan	3,430#	(3,240#)	11.5	(11.0)
Sheraton Secs.	Sept	56,570L	(11,850)	-	(2.0)
SWP Group	Dec	520	(561)	-	(-)
Throgmorton Dual Tst	Jan	1,200‡	(1,310‡)	1.75*	(2.75)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.¥ 3rd quarter figures.† Figures quoted in Irish pounds.# Net revenue.© Post tax profits.◆ Net loss/profit.‡ Gross income.§ Gross revenue.● Figures for 9 months.♣ Net income.§§ Figure for 5 months.

RIGHTS ISSUES

Community Hospitals Group is to raise £10.4m via a 1-for-3 rights issue at 136p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Abbey National	Friday	-	5.7	3.15
Babcock Prebon	Thursday	1.0	1.7‡	-
Barclays	Thursday	11.57	16.0	9.15
Bensons Crisps	Monday	0.6	1.65	0.8
British Aerospace	Tuesday	8.10	14.6	8.9
BWD Securities	Wednesday	1.0	2.75	1.0
Campari International	Tuesday	2.0	8.0	2.6
Capita Group	Monday	0.8	1.7	1.5
Capital & Counties	Monday	5.25	6.75	6.0
Chieftain Group	Monday	1.8	2.7	1.9
Cityvision	Wednesday	0.5	0.5	0.5
Cluff Resources	Thursday	-	1.0	-
Commercial Union	Wednesday	8.15	13.35	9.0
Cooper (Alan) Holdings	Friday	2.6	4.9	2.8
Courtaulds Textiles	Thursday	-	-	4.0
Cowie T.	Thursday	1.2	3.0	1.2
Dunedin Income Growth Inv.	Wednesday	7.0	14.0	8.0
English & Overseas Props.	Thursday	2.0	2.5	2.0
Foreign & Colonial Inv. Tst.	Thursday	0.8	1.8	1.0
French Property Trust	Monday	-	-	-
General Accident	Wednesday	17.5	32.5	9.7
Grafton Group	Thursday◆	2.0	3.0‡	2.5
Greenwich Communications	Thursday	-	-	-
Heavitree Brewery	Monday	0.6	2.45	0.6
Hewitt (J) & Son (Fenton)	Tuesday	1.0	1.0	1.0
ICI	Thursday	21.0	34.0	21.0
Intrum Justitia	Friday	-	-	0.6
Kalon Group	Tuesday	0.4	0.8	0.5
LASMO	Wednesday	3.0	8.25	2.2
Latin American Inv. Tst.	Friday	-	-	-
Low & Bonar	Monday	2.4	5.85	2.7
Mersey Docks & Harbour Co.	Monday	1.33	2.83	1.7
M&W	Wednesday	-	1.0	-
National Westminster Bank	Tuesday	5.32	11.37	6.12
Nykredit Mortgage Bank	Wednesday	-	-	-
Owners Abroad Group	Thursday	0.7	1.8	0.82
Pacific Assets Trust	Tuesday	-	0.87	-
Renown Inc.	Monday†	-	14.5	-
Royal Insurance Holdings	Thursday	10.75	14.75	11.25
St. Modwen Properties	Wednesday	-	1.4	-
Sedgwick Group	Tuesday	4.0	8.0	4.0
Smaller Companies Invest. Tst.	Monday	-	-	-
Transatlantic Holdings	Tuesday	5.0	7.0	6.0
Unilever	Tuesday	4.51	12.24	4.86
Updown Investment Company	Monday	-	9.0	-
Vickers	Monday	3.3	5.6	3.7
INTERIM DIVIDENDS				
Armour Trust	Monday	0.27	1.07	-
British Assets Trust	Friday¥	0.92©	1.0#	-
Cons. Plantations Berhad	Tuesday	n/a	n/a	n/a
Eleco Holdings	Wednesday	2.3	3.9	-
Glaxo Holdings	Thursday	7.0	15.0	-
Goodwin	Thursday	-	0.6	-
Hidong Estate	Friday	-	-	-
High-Point	Thursday	2.55	4.95	-
Isotron	Thursday	1.05	2.07	-
Kakuzi	Monday	-	-	-
Macro 4	Thursday	3.7	5.2	-
Microfilm Reprographics	Tuesday	1.5	3.0	-
Minerals Oils & Res. Shares	Friday	-	-	-
Nesco Investments	Monday	-	-	-
Northumbrian Fine Foods	Monday	0.75	0.75	-
Ossory Estates	Thursday	0.4	0.45	-
Pilco Holdings	Wednesday	3.25	4.0	-
RCO Holdings	Thursday¥	3.5	7.0	-
River & Merc. Smaller Cos Tst.	Tuesday	-	-	-
Scottish Investment Trust	Thursday¥	1.4	2.65	-
SEET	Thursday	1.6	-	-
Sheldon Jones	Thursday	1.35	3.77	-
Sinclair Goldsmith Holdings	Thursday	1.5	1.5	-
Tor Investment Trust	Friday	8.0	12.0	9.5
TR European Growth Trust	Monday	-	-	-
Whinney Mackay-Lewis	Thursday	1.6	0.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.¥ 1st quarter figures.† Figures quoted in Japanese yen.‡ 2nd interim dividend.# Final quarterly dividend.© 1st quarterly dividend.◆ Figures quoted in Irish pence.

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FINANCE & THE FAMILY

BUDGET 91

Wanted: more choice for the private investor

AS A PRIVATE investor, I very much hope that the UK budget on March 19 will provide much more encouragement to individuals to make their own investment choices and invest directly, rather than via a financial institution.

For example, why do Personal Equity Plans need managers? Why not simply state that people can invest directly in shares of their own choice up to, say, £7,500 per year, with all gains being tax-free?

All that will be required is for an investor to list on his or her tax form each year the shares to be included in his or her own PEP. Company reports will be received direct, no management fees will be incurred, and an investor will have a greater sense of ownership of part of the company.

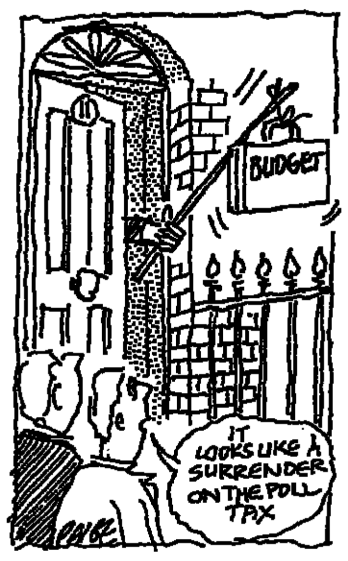
In last year's budget, it was announced that stamp duty on share transactions would be abolished when Taurus (the Stock Exchange's paperless share transfer system) was introduced.

As the implementation of Taurus appears to have been delayed yet again, and, as it is of more benefit to institutional investors than private investors, I hope that Norman Lamont, the chancellor, will announce the immediate abolition of stamp duty – not only on share transactions but also on house purchases.

With the prime minister said to be interested in the possibility of a national lottery, I hope that the chancellor will not overlook the existing national lottery – premium bonds – which is in need of considerable improvement. The notional interest rate on the prize fund is derisory and needs to be increased by another 1 or 2 per cent. The maximum individual holding of £10,000 worth of bonds also needs to be increased to, say, £15,000.

Unemployment appears to be rising. If a company employs a gardener, the cost of that employee can be offset against the company's profits and taxes. Why should the same benefits not be given to individuals? Let people deduct from their income the costs of employing gardeners, nannies, or home-helps.

Recently, my wife and I were "knocked out" for a week by a virus. We had to employ a care assistant in order to keep the household running. Such a person is not tax-deductible yet, if I had employed a secretary to type my articles and deal with my correspondence, I could have offset such costs against my tax bill. Surely a care assistant is just as "worthy" as a secretary?



Such tax incentives for part-time gardeners, nannies, care assistants and so on would not only help reduce unemployment. It would also make people less willing to pay such people in "cash – no questions asked." The "black economy," with people claiming not to be working, or understating their earnings, would be reduced, thus providing greater tax revenue.

Education in Britain is in a sorry state. I am currently working on a degree in my spare time. If I was studying full time I could apply for a grant for my tuition fees. As a part-time student, not only do I have to pay my own tuition fees, but such fees are not tax-deductible. Why not?

It would cost the chancellor relatively little to make all tuition fees for higher education tax-deductible. It would encourage more people to undertake further education and a better-educated workforce ought to assist in reviving Britain's economy, or at least ensure that the newsagent's assistant gives me the correct change.

Most people, when asked for their budget hopes, only put forward items where they would like to see tax reductions. But there are two areas where I would like to see large tax increases.

The first is on people in the Channel Islands and elsewhere overseas who invest in British shares, make profits, and yet pay no capital gains tax. This is unfair. The gain is effectively made in Britain – the shares are in British-based companies – so appropriate tax ought to be paid.

The second increase in taxation would be on inherited wealth. A number of companies have been ruined by the idiot offspring of the founders who have inherited large shareholdings to the detriment of other shareholders and the economy as a whole. Inherited wealth is increasing rapidly and is socially divisive. It cannot be justified by any current party political doctrine.

Having founded a number of companies myself – including one with a full stock-market quotation – I do not believe that most people start companies in order to hand them on to their children: they do it to make money for themselves or because they want to be independent or enjoy running a business.

How better it would be, if an entrepreneur's offspring – instead of joining the "family firm" – started his or her own company and perhaps eventually made a proper takeover bid for the "family" firm. It would provide greater competition and a greater incentive to work and fully exploit talents.

This is not to suggest that on death the taxman takes everything: a spouse should be allowed to inherit everything tax-free and children should be adequately provided for until they are 21.

Taxing income is painful: money has to be paid in taxes every week or month out of hard-earned income. At least with heavy death duties the payer is no longer around to suffer the pain of taxation!

■ *This article is the fourth in our pre-budget series.*

Kevin Goldstein-Jackson

A check on cheques

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LLOYDS BANK has refused to honour my Abbey National cheque (for around £17) in payment for a US dollars money order, even though backed by a cheque card, on the basis that the Abbey National has no agreement with the Big Four regarding guaranteeing cheques.

Small-minded pettiness was my first reaction, but this also raises two questions in my mind. What are the legal obligations regarding acceptance of cheques? Would, for instance, Lloyds be required to put a notice to the effect that certain types of payment are not accepted, or are they, or any trader for that matter, contractually bound to accept payment by cash or cheque backed by a valid cheque card. (This begs the question as to what is a valid cheque card)?

More important, is a trader putting himself at risk by honouring a building society cheque even if backed by a cheque card?

■ There is no obligation on a trader (even a bank) to accept payment by cheque except where there is some separate contract to accept payment in that form or where there has been a course of dealing in which payments by cheque have been made sufficiently often to establish an implied agreement to accept cheques. However, the particular instance you cite does seem rather petty-fogging; you may care to make a complaint to the Banking Ombudsman.

No escape from CGT

I HAVE very large potential Capital Gains Tax liabilities on ordinary shares. The annual exemption of £5,000 only scratches at the problem, independent taxation is no help as my wife has her own liabilities. There is, I know, no CGT on death but I find that an unattractive option. Are there any CGT avoidance schemes which are suitable where large sums are involved?

■ No the days of off-the-peg tax avoidance schemes are really over. Incidentally, perhaps we should remind you that April 5 1991 is probably the deadline for an election (under section 96(5) of the Finance Act 1988) to ignore the original cost of all assests held (or deemed to have been held) on March 31 1982. Our general recommendation is that such an election should be made unless there is a clear disadvantage in doing so. In other words, if in doubt make the election. If you have forgotten the outline of the rules for section 96(5) elections which appeared in the FT in 1988, you should ask your tax office for the free introductory booklet to capital gains tax – CGT14. Please see the story below left.

Caught by a contract

WHEN SIGNING the supplier's order form for the long term lease of a fax machine I also signed a contract – which the suppliers representative put in front of me – to pay a finance company a quarterly sum in respect of the lease.

I cancelled the order and the supplier accepted the cancellation and did not deliver the machine. However, I forgot to cancel my agreement with the finance company which has been pressing me for payment, redoubling its efforts since the supplier went bankrupt. In spite of my oversight in not cancelling this contract with the finance company, am I liable to pay rent on a machine which was never delivered, never in my possession. The finance company thinks so and threatens legal action.

■ Unfortunately the separate contract with the finance company is one which that company is entitled to enforce independently of the cancellation of the order. It is just possible that a careful perusal of the terms of the contract may enable you to claim that payment is not due where no supply took place, but unless that can be spelt out of the contract you are bound to make the payments contracted for.

Caring for aunt

MY COUSIN and I have an aunt of 97 who is living in her own home not bedridden, but immobile. We share the daily provision of meals. A night care nurse (paid for by aunt) takes over from 9pm until 8am.

Even though we are over 70, we manage. Should my aunt become incontinent and require nursing we would like her assets to her advantage. Can a Power of Attorney be appointed to administer her affairs? My aunt though not senile, is unable to understand the situation. The executor of her will are my cousin and a solicitor.

■ Your aunt can execute a power of attorney giving someone eg. you or your cousin (or both) the power to act in conducting her affairs. However, in view of her age it seems best to use an Enduring Power of Attorney which enables the donee(s) of the power to act as her attorney in the event that she becomes unable to conduct her own affairs eg. through senility. Such a power must be registered at the Court of Protection on the occurence of the event which makes the power exercisable.

No tax on transit

IN JULY 1988 I informed the tax office, by filling in the necessary forms, that I was to become non-resident. That was in July 1989 and, to date, I have received no "exempt certificate." I travel often and sometimes it would be convenient to change aircraft at Heathrow and or Gatwick airports, but so far I have avoided doing so because I am worried it may cause problems with the British tax office, especially if I have to change airports or go through passport control.

■ Provided your journey can be documented to show that you were only in transit at the English airport, there should be no problem caused by your changing aeroplanes here.

CGT deadline looms for savers

APRIL 5 could be the deadline for you to make a move which could cut the amount of Capital Gains Tax (CGT) you are liable to pay.

This deadline has been set as the result of a number of arcane amendments to legislation which governs the tax. It is all unnecessarily complicated but, unfortunately, demands attention.

You can elect to ignore the history of any investments you made before March 31 1982, for the purposes of CGT. Taxable gains made on these investments can be calculated on the assumption you started the investment on this date.

This could be worthwhile, if, as in most cases, the investment had made a gain by March 1982. The rule of thumb, according to Ralph Newns, of Touche Ross, is: "If in doubt, make the election".

However, time is running out if you want to elect to make the change. The deadline of April 5 this year applies to you if you made any disposals of pre-March 31 1982 investments (a term which includes building society share accounts but not gilts or life assurance policies) during the financial year of 1988-89. Do not bother to ask why.

This will apply to many savers and investors. If your portfolio remained dormant throughout the tax year to April 5 1989, you have another year to decide on the election.

The procedure is something of a gamble, according to Newns, because an election is irrevocable and "all or nothing". You are not allowed to ignore one bad investment, and be taxed more favourably on the rest.

However the election is generally worth doing on grounds of simplicity alone. All your documents on the investments from before 1982 can safely be thrown into the dustbin, if you make the election. In Newns' words: "You are required by law to show the full story to the Revenue. If you make the election you can start the story at March 31 1982 and make life a great deal easier. It's worth it just for simplicity."

Other points you should bear in mind about rules which lawyers and accountants agree are among the most complicated and unnecessarily difficult on the statute book include:

■ You should not make the election if the bulk of your investments were making a loss until 1982, and you have hung on to them. Whatever has happened to the investment since, you would then have to pay more tax as a result of the election.

■ *Beware of making the election* if you bought a house before 1982, and then let it to tenants. Its value as a let property will be considerably less than at acquisition, and so you could give yourself a much higher taxable gain by electing to start from a time when it was let.

■ Look at the figures carefully if you had any investments in agricultural land, which dropped in value before 1982.

■ Beware of the effect your election could have on tax computations on transactions which you made since April 5, 1988. If you have sold any assets since then which dropped in price between purchase and 1982, more tax could now be payable.

■ Remember that you could be stuck with paying extra tax if you bought shares between March 31 and April 5, 1982. You will be deemed to have held them on March 31. Many shares showed a gain during that week, and thus it is best in these circumstances not to make the election.

■ *If you have property*, unquoted shares or other assets valued when deciding to make the election, hold on to the valuer's receipt, as it will eventually be deductible against CGT purposes.

It is refreshingly simple to make the election itself. All you need do is write a letter to your Tax Inspector, stating your decision. Details of the investments which have been affected may need to be forwarded later, according to the Inland Revenue, but this will be enough to ensure that your gains are only taxed from 1982.

The Inland Revenue's pamphlet CGT14 provides more detail on the issue.

John Authers

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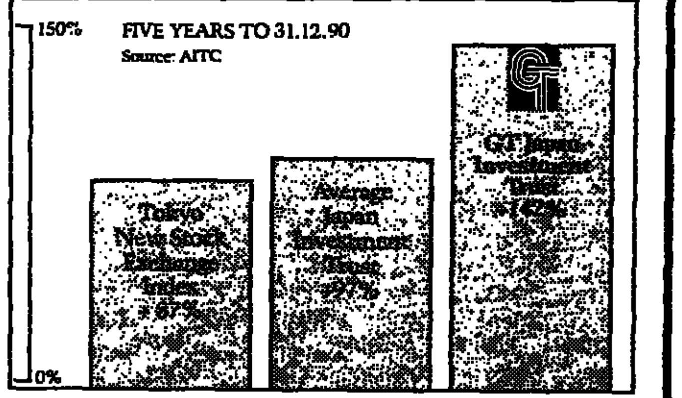

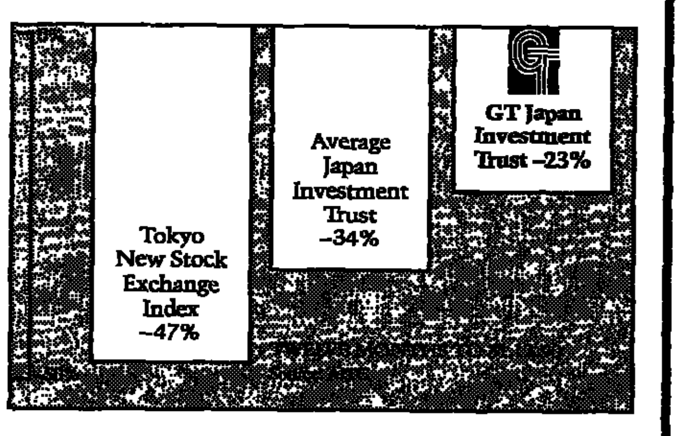

The upper graph compares the growth in net asset value of the GT Japan Investment Trust and the average Japan investment trust with the Tokyo New Stock Exchange Index over the last five years.

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The lower graph makes the same comparison, but over the one-year period to 31st December 1990.

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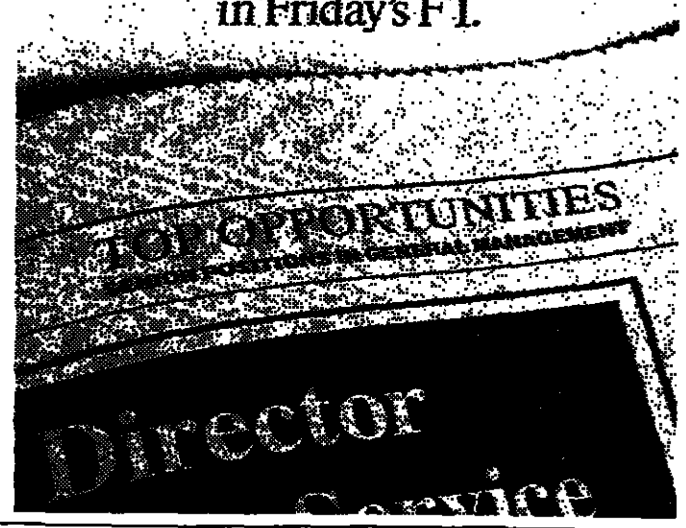

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PROPERTY

Healthy market for homes on the range

Audrey Powell looks at the growth in golf course properties

MANY PEOPLE who buy homes on golf courses do not play golf at all. They just like to be surrounded by a green landscape that they do not have to look after, that will not be further developed and that adds 10 to 25 per cent to the value of their house.

If the property is a second home, it will also have a longer letting season.

Everyone tells you that golf is a growth industry and if the trend for building homes around courses is not forging ahead as fast as the courses themselves, that is not the developers' fault.

There are more than 2,000 courses in England and Wales and an assumed need for 700 more (though these have to be in the right locations). Scotland, where it all began, has some 450 courses.

Humberts, whose specialist leisure division takes golf "very seriously indeed", says demand for more golfing facilities has been increasing over the last ten years.

Courses come in a variety of guises from the pay-and-play, right through to the upmarket country club hotel set in its course and the resort golf hotel complex.

The range of properties golf courses attract around them appears to be widening. One Northamptonshire project included a golf academy, some retirement homes and a nursing home as well as housing.

A developer thinking of a golf project would need 120 to 150 acres for an 18 hole course. If the land is cheap the course might cost as little as £750,000 to build, but the standard of the course, topography, soil type, drainage, tree planting and access can all increase costs. A more usual figure would be £1.25m. It could cost as much as £1m to have a big-name player design the course and perhaps put in some guest appearances. The clubhouse could cost anything from £250,000 to £1m; depending on size and finish. All told, the cost could be from £1.5m to £4m.

If you are tempted to join the developers, Humberts (071-629-6700) has a number of sites available – including some from the over-ambitious who have gone into receivership.

For individuals looking for a home by a golf course in Britain the choice is not large. At St Mellion, in Cornwall there are two golf courses and 120 houses from £200,000 to £350,000. These have been built around the course designed by Jack Nicklaus (information: 0579-50021).

France has more than 300 courses and the number will probably grow to 400 within 18 months – more than any European country after the UK. However, Arlette Adler, of Villas Abroad, a golf consultancy (051-744-2362), is not so sure that there is a golf "explosion" in France.

The communes were clamping down, she said. They found that some developers were using the courses as an excuse to build houses when consent for housing would not normally have been given. Courses might be poorly designed and little used out of the tourist season. There were many instances where applications were being refused.

Brighton agents Appleby & Sons (0273-680900), acting on behalf of a French local authority, quickly disposed of a large chateau, free to anyone with the means to develop an 18 hole course and practice range in the municipality.

The firm is also offering a pair of partly built courses near Lourdes. The developers went bankrupt but the irrigation system and roads are in and there is permission for a hotel and 120 houses. The price is £3.2m.

Agence Generale Bovis (0603-408318) in Norwich, which has no connection with the developer of the same name, is selling apartments at the Riviera Golf Club inland from La Napoule, on the Côte d'Azur. Prices range from £44,000 for a studio to £500,000 for a penthouse. The course, which was designed by Robert Trent Jones, is almost ready for play.

Buyers of apartments will be offered club membership ("an asset they could sell for £12,000"). Annual subscription is £900.

Snow was thick over much of Britain when Roger Still, Bovis Abroad's general manager in Portugal, phoning from the Algarve, said they were enjoying "an absolutely terrific day for golf".

The periods from February to April and from September into winter are popular with golfers and have extended the letting season along the coast, where golf is expanding rapidly in the region. However, setting up a course could cost more than £2m.

Bovis (081-422-3488) has apartments with lake or golf course views among a choice of Algarve developments.

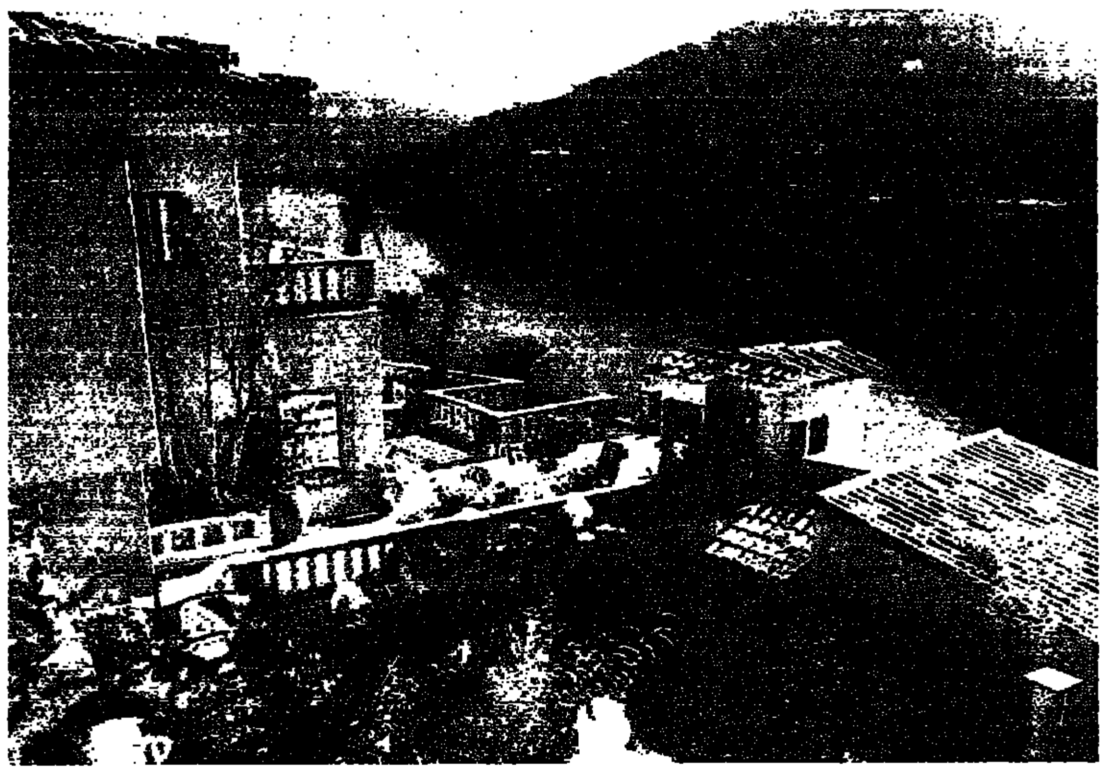
Another Bovis man, John Weir, is director of golf at their La Manga Club near Murcia, Spain, where there are two 36 hole courses and another nine-hole, which is about to be extended to 18. The scheme has been going for 20 years and there are about 2,000 homes.

Demand for courses is so great that companies do not necessarily build them singly. Costain's Alcaidesa development in southern Spain is to have three.

Spain has 142 courses "up and running" with quite a lot being trailed, says golf development consultant Geoffrey Pilgrem in Brighton (0273-474167). There are a number of potential courses, some with housing planned, in the area from Barcelona to the French borders.

Pilgrem goes in for simple arithmetic. The construction cost of a Spanish course would not be much different from in England: £500,000 to £1m for land, more if it had planning permission for houses, £1m for every 100 units and £1m for course construction. Permission for a 100 bedroom hotel adds £1m for site value.

Back in the UK, Pilgrem is working on a feasibility study for a personal course in the Home Counties for a well-known pop group drummer. The project will set his client back about £3m.



SOME watersides are more exclusive and fashionable – and therefore expensive – than others. The area around the little port of Andraitx on the island of Mallorca has acquired all three characteristics in recent years with an influx of world wealthy, Euro-royal and Hollywood star buyers. Hamptons International (071-493-8222) now has a mini-estate of a house at Andraitx, with a four bed main house, two bed guest house and suites for another three guests, plus servants, together with a pool and an eight seater whirlpool bath sunk into the top of the cliffs overlooking the bay. Offers over £3.5m are invited for this house with a bubbling bath with a view.

A berth by the back door

David Hoppit reports on a British boom in waterside living

FIFTY-TWO weeks of dedication and expense rewarded each year, weather permitting, by a few hours of fun – that seems to have been the scenario in the past for those hardy souls dedicated to boats and boating. Now, as we sail in to the nautical '90s, all that is changing. The trend now is to actually *live* by the water, with the object of desire tethered outside the back door.

For an island nation the British have been slow to appreciate the potential of the marina village. That is surprising considering that there are now so many "boaties" about. Estimates of the number of boat owners in Great Britain vary between 500,000 and 3m, depending upon the definition of "boat" (the larger figure would include sail boards and rubber dinghies.)

With natural estuary moorings now full, expensive, man-made marinas are the only answer – but the huge cost of building a marina cannot be justified by mooring fees alone, as the pioneers at Brighton found to their cost.

For a marina to "stack up", as the builders would say, there have to be other sources of revenue . . . namely housing, plus chandlery, shops, restaurants and so on. Marina Developments (formerly Dean and Dyball) hit the jackpot with Hythe Marina near Southampton, and now several others are under way.

The cost of the basic infrastructure at Hythe was £20m; the lock alone cost £1'₂m. There is more to building a marina than pouring concrete into the ground; for example, detailed hydrographic surveys are necessary – in the case of Hythe, double tides with a range of nearly 18 ft had to be allowed for.

Now the investment is beginning to pay off. The company has five of its own marina village projects under way, including those at Plymouth, Milford Haven and Brixham; in addition it owns more than a dozen ordinary marinas and is investigating others on the Continent and in the Mediterranean. House sales now exceed £50m, and despite the gloom in the housing market, five property reservations have been made in recent weeks.

"I think people are fed up with waiting for the recession to end and want to get on with their lives," says Peter Thompson, the sales director.

A sort of club atmosphere has emerged at Marina Development's Centres; "boatiness", if you like. Owners of berths (and that means all home owners) can sail to any of the company's marinas and tie up free of charge. Part of the formula for success has been the enormous range of properties available, from small one bedroom flats costing below £70,000 up to large detached houses costing more than £1m.

Another reason for the popularity at Hythe and nearby Ocean Marina Village is its proximity to London. Owners can leave the office at 5pm on Friday and be on the waterfront in time for pre-dinner drinks.

Not so down in Falmouth, Cornwall, where Peter de Savary has been struggling to sell his 200 homes and 70 berths at Port Pendennis. There is nothing wrong with the houses; on the contrary, they are very good homes, built to mirror the vernacular architecture of the old town. However, they seem to be stuck in the same slough of despond as the remainder of England's new housing.

This may be because Cornwall is too far for a quick weekend break. Buyers there are more likely to be looking for a waterside retirement, or a holiday home with letting potential. The former usually involves the sale of the prime residence, and most first-time "trade-downers" are waiting for the value of their home to return to at least 1988 levels before selling. The latter category, often those with inherited wealth, can earn more from the money by putting it in high-yielding accounts.

But with signs of recovery in the housing market, and with prices still at rock bottom, this might well be the time to heed the call of the west. As the snow began to melt there were signs that this message was filtering through. Staff at Port Pendennis say that many people have made appointments to view the houses in March.

The price of the houses (through Humberts) ranges between £99,000 and £250,000 – about 10 per cent below last year's level.

Quality counts

OPENING A residential sales office in Spain might seem an improbable move given the persistent tales of a seafront awash with unsold properties. In practice, having managed Knight Frank & Rutley's Spanish sales from London for the past few years, Barbara Wood explains that it is now impractical to work from anywhere other than on the spot.

"When you are looking at the best properties we are no longer dealing with the dear old Brits. It has become a far more international market, with the Spanish themselves becoming increasingly important as buyers."

Although she confirms that "the bottom has fallen out of the bottom of the market," that is not a green light to head south in the hopes of finding cheap villas. "We do get people coming down for bargains having read that the market has collapsed and lot of people who are making offers are surprised when they are turned down."

The wealthier owners do not need to sell, and with a market that Wood says is now around 30 per cent traditional British buyers, 30 per cent Spanish families now buying rather than renting a holiday home, with the balance drawn from the usual array of German, Scandinavia and Dutch, "all that has happened is that the dross property buyers have gone, those who could only afford to buy by remortgaging a place at home."

Villas such as the five bedroom Casa de las Fuentes, 12 kilometres from Marbella and on offer through KF & R's Guadalmina office (010-3452-782-904) at £975,000 stand apart from the market slump at the two bed apartment end of the market.

Wood warns off the bargain hunters. "There are six to ten properties of real quality in the area in this million pound range available at the moment," she says, "and at this end of the market you tend to be dealing with people who have no need to be influenced by the talk of a difficult market. For them it is not difficult. There are few instances where these are their only homes. For many these will be their third or fourth home."

John Brennan

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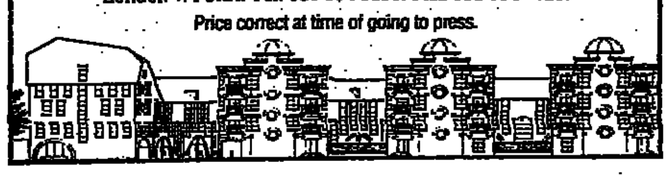

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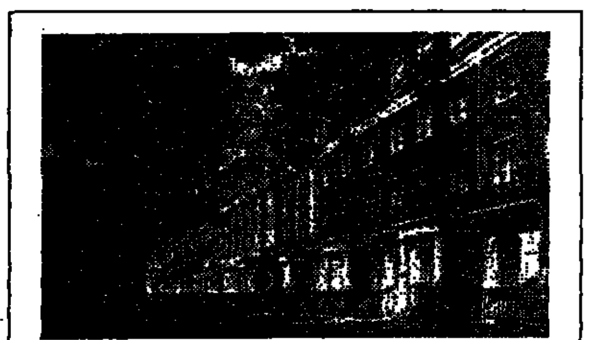

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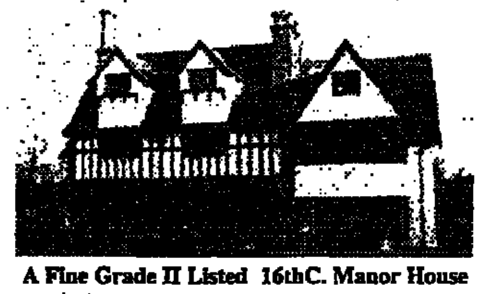

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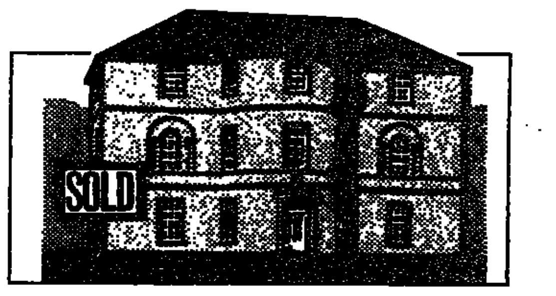

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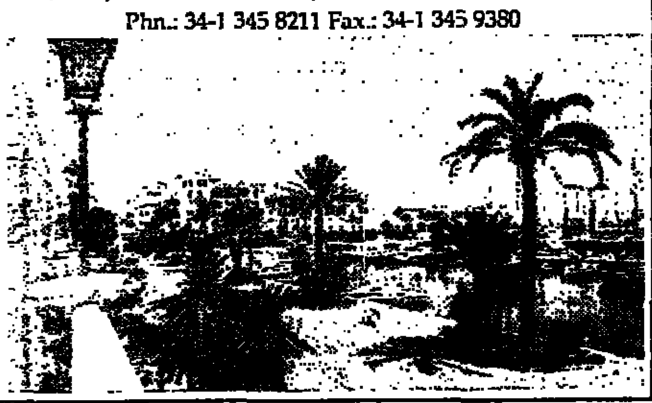

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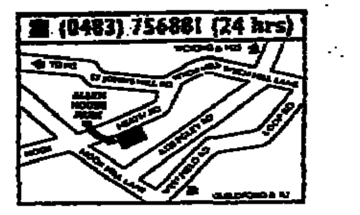

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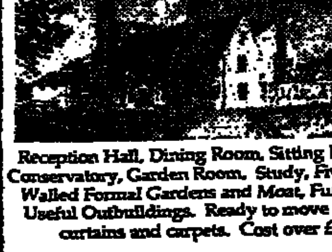

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COMPUTING

Learn to create enticing spreads

***Barbara Conway** tries out some easy and impressive programs to handle business figures*

THE SPREADSHEET program, originally designed to manipulate figures is a curious concept. At first sight a complex and daunting proposition, involving the use of mathematical formulae and tables of figures, it turns out to be most approachable of all business packages, which can produce swift and intelligible results.

Indeed, so useful is the spreadsheet approach, that it can be used for both word processing and database functions. The idea is simple: the screen is divided into a grid of rows and columns. The crossroads between each row and column creates a "cell" which stores information.

Cells can be wide enough to store text or they may contain numbers such as sales figures. Other cells contain instructions: for example, add a column of figures or calculate a percentage. These instruction or "formula" cells are the heart of a spreadsheet, because they can display new results every time a piece of data is added.

So spreadsheets can deal with stock lists, automatically calculating marks-up and VAT elements, they can work out the right figures for payroll including national insurance. They can keep track of bank balances, adding interest where appropriate. There are programs dedicated to these business administration functions, which will be reviewed in this column. But, with a little practice, it is surprisingly easy to modify a good spreadsheet program to meet a particular need.

Best of all, when cells contain a formula, say for calculating interest on the total of a column of bank deposits, any linked figures in the spreadsheet (profit and loss, for example) will be updated automatically. Anyone who has kept basic financial records should have no difficulty grasping the principles of the spreadsheet.

The more modern spreadsheet programs can also translate columns of figures (of sales for example) into easily comprehensible graphs. If you have a 286 or 386 IBM-compatible micro, the results from turning figures into pie and bar charts, which should be a matter of a few keystrokes or mouse clicks, can be impressive indeed.

When you are choosing a spreadsheet program it is important to look carefully at prices first: an acknowledged heavyweight spreadsheet, Supercalc 5 from Computer Associates, has taken the bold step of cutting its retail price from nearly £400, in line with its competitors, to just £79 for its latest version which supports most sophisticated spreadsheet functions including graphics.

Its argument is that the long-established Supercalc series has more than recouped its development costs. Although continued development is needed for upgrades to take account of developments, the costs are relatively low, a fact which seems to be ignored by most software developers.

Supercalc is an excellent and powerful spreadsheet and, although it has its individual quirks, at this price it is extremely good value for money. The only risks involved are that dealers, annoyed at the lower mark-up involved, may decide that the package is not worth stocking, that a bizarre form of price snobbery will hit sales or that the price cut may be a prelude to a decision to abandon development of the program I hope not.

The industry standard for spreadsheets is Lotus 1-2-3, the latest version of which is 3.1 (£475) which incorporates a number of features including one more commonly claimed (hardly ever accurately) for word processors in the form of What You See is What You Get (WYSIWYG). That means that you can be sure that the print-out is exactly what appears on screen. It is a valuable feature trying to present figures in digestible form, and Lotus is plugging it heavily.

I found the new 1-2-3 straightforward to use, and potential buyers should consider that Lotus has an excellent support service available for technical help. Other high-quality competitors in the same league include Borland's Quattro-Pro (£395) which offers a wider selection of graph than Lotus . Both allow the use of the spreadsheet format to build up relational databases. Both also allow the build-up of "3-dimensional" spreadsheet files, in which one spreadsheet can have the equivalent of a number of different format and elements which can be linked to each other.

Planperfect, from Wordperfect Corporation (£480), also offers good graphics and flexibility. My vote would just go to 1-2-3 version 3.1 which can, also be used with Windows although not taking full advantage of that system's facilities.

If you are using Windows, take a close look at Microsoft's Excel (£454) which uses that environment well and, as well as the other optimum features mentioned, had paid particular attention to providing a neat and comprehensive database facility. Wingz, from Informix at the same price, is also designed for Windows and has arresting graphics features. I found it less impressive than Excel but it is a comparatively new program and new versions may close the distance.

For a budget spreadsheet try one of the shareware products advertised in computer magazines. The best is probably As-Easy-As from Shareware Marketing. You pay a few pounds for a disk, which you are allowed to copy and give to friends. But shareware operates on the basis of trust. Users of As-Easy-As are asked to send £45 if they like the program and decide to register for the full package. The full-featured Supercalc offers competition in the budget category, but apart from relatively primitive graphics, As-Easy-As, which is compatible with Lotus 1-2-3, represents good value for money, particularly for a small business with limited needs.

Paperwork is the key on trail of lost words

***Nicholas Garnett** meets a man who finds out of print titles for a living*

IT IS *tempting* to say that Leonard Foulkes earns his living filing paper. There is a slight air of eccentricity in his shop and office in Cardiff which is full of bundles of parchments, neatly tied in rubber bands. In one room, the phone rings. Foulkes opens a cupboard door and pulls the phone on to a desk. After talking, he puts the phone back in the cupboard.

Foulkes' business brings a great deal of joy to thousands of people every year and makes him a good living in the process. The Out of Print Book Service locates and dispatches more than 4,000 books every year to people desperate to get hold of a tome no longer available in high street bookshops.

"I get a lot of enjoyment out of the kind letters I receive and a feeling that a job has been well done," says the 46-year-old former bank clerk.

A random selection of recent letters to the small premises in a quiet suburb of the Welsh capital underlines how broad the book-hungry public is out there. A prisoner at Swaleside jail is looking for *Lulu in Hollywood*; the library at ICI Fibres seeks Phillips and Parker's snappily-titled *Polyurethanes*; Kerry Brunner of Wauwatosa, Wisconsin, an armoured vehicle freak, is hunting for a clutch of books including *Life in a Tank*; someone else wants *The Astonishing History of Troy Town*; while Swansea University is missing a whole list of editions including that well-known best seller *The Muria and their Ghotul*. Foulkes' customers include the actress Jill Gascoigne and magician Paul Daniels.

Foulkes has been offering a book-finding service since 1971 but put it on to a firmer footing with the purchase of the shop and office less than three years ago. Out of Print has a turnover of about £50,000. He does not like talking about profits but says his margin is higher than new bookshops which tend to work on a return of ten to 30 per cent.

The method of finding books is relatively simple. Every week, Foulkes draws up a list of all recent requests that people have made to him and he has this list printed in the half dozen or so main trade magazines, including Book Collector and Bookdealer. He then waits for responses from dealers who possess a book on the list. They name a price and he writes offering a price to the person seeking the book. If that is agreed, he then instructs the dealer to send the book direct to the customer. Out of Print, therefore, behaves rather like a messenger.

His company, which has competitors, locates between a third and a half of all books it is requested to find. It receives, on average, more than 30 inquiries a day but it can be as many as 100. Up to 400 books are being sought at any one time. Each book is given about three weeks on the list before it is removed and downgraded to an intermediate file for up to two years. After that, the most difficult tomes find themselves on a dormant file. "When a book goes on that, it has pretty well had it," Foulkes says.

No charge is made for the search. Once a book is found, Out of Print makes a minimum charge for it and postage of £6 (providing the customer agrees to take it) with an average price of about £10. Some, of course, will cost the customer a lot more. A full set of *Encyclopaedia Britannica* from the 40s ran up a bill of £500. The 1866 volume of *Dainty Dishes* by Lady Harriet St Clair knocked a punter back £75.

Foulkes says the costs of the business are pleasingly limited. Apart from running the shop – where you cannot actually buy books – every year he spends several thousand pounds each on stationery, postage and on placing lists in magazines, which usually cost £20 per page. "I haven't done any serious advertising for ten years," Foulkes says. "The odd, small mention in newspapers and word of mouth has kept the business going. About half of the books I find are for previous customers."

Foulkes is very modest about his work. "Most of it is filing," he says. But he has to know his way around the second-hand book industry which is surprisingly complicated, with its own language and its own pitfalls.

Sheppard's Book Dealers in the British Isles has 570 pages of dealers, up to ten to a page. A town such as Doncaster has two dealers, Stoke-on-Trent four, while dealers in Greater London require 38 pages of listing.

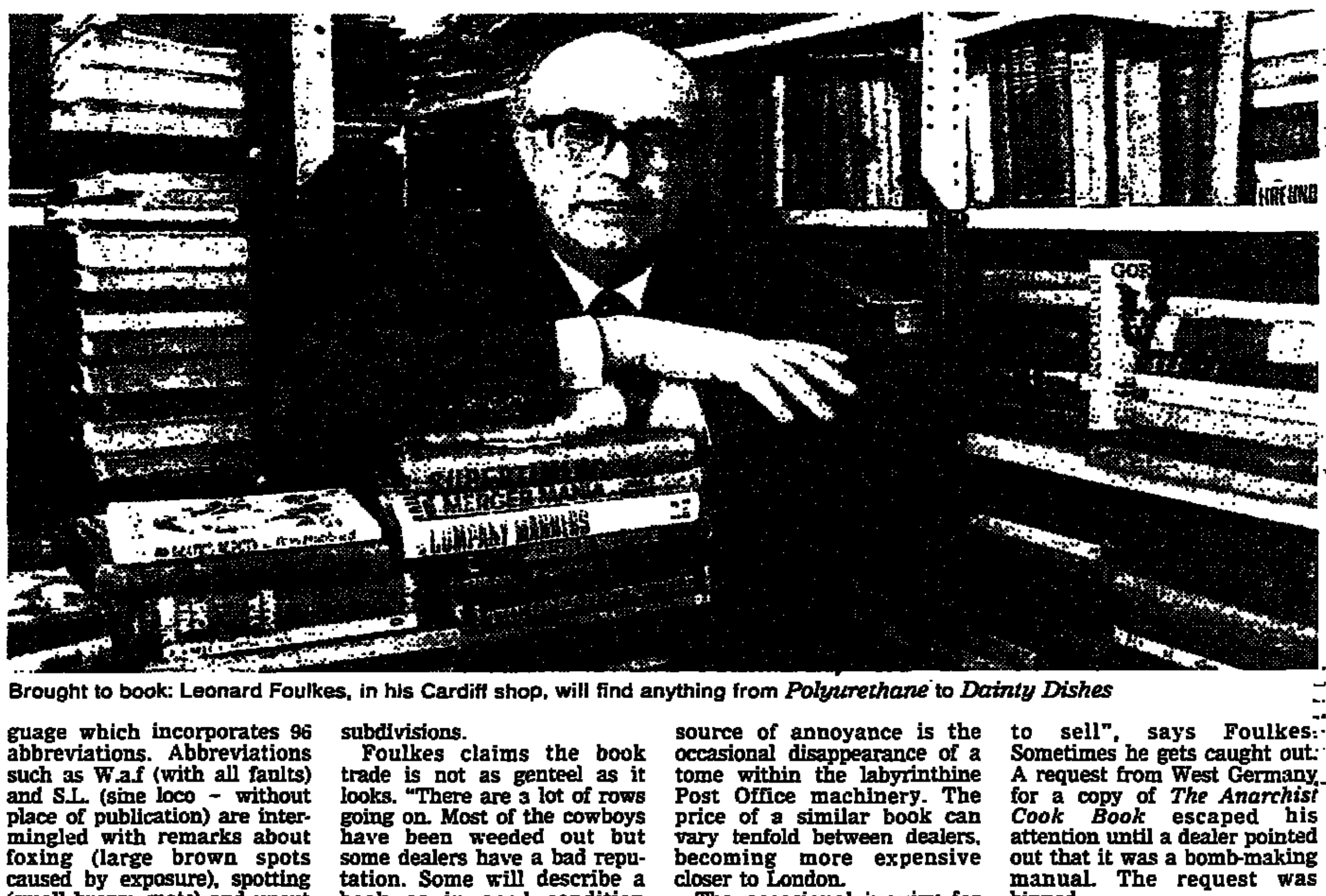
Letters from dealers give prices and facts about the editions they are offering in a language which incorporates 96 abbreviations. Abbreviations such as W.a.f (with all faults) and S.L. (sine loco – without place of publication) are intermingled with remarks about foxing (large brown spots caused by exposure), spotting (small brown spots) and uncut material which refers to untrimmed pages. There are also two categories of sizing – octavo and quarto – each with a further ten or so subdivisions.

Foulkes claims the book trade is not as genteel as it looks. "There are a lot of rows going on. Most of the cowboys have been weeded out but some dealers have a bad reputation. Some will describe a book as in good condition when it is no better than average."

This means that Foulkes sometimes receives complaints from customers and a further source of annoyance is the occasional disappearance of a tome within the labyrinthine Post Office machinery. The price of a similar book can vary tenfold between dealers, becoming more expensive closer to London.

The occasional inquiry for borderline pornography sometimes drops through Out of Print's letterbox. These are not welcome but "basically, we will find anything that is legal to sell", says Foulkes. Sometimes he gets caught out. A request from West Germany for a copy of *The Anarchist Cook Book* escaped his attention until a dealer pointed out that it was a bomb-making manual. The request was binned.

■ *Out of Print Book Service, 13 Pantbach Rd, Birchgrove, Cardiff CF4 1TU (Tel 0222 627703).*



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When magazines maketh the man

New Man or commercial invention? ***John Lloyd*** *examines the market in modern male media*

LOOKS HAVE everything to do with it: men's magazines rely heavily on being women's magazines for men.

With the arrival of the British edition of *Esquire*, Britain now has four publications which can be called men's magazines. Alexandra Shulman, the editor of the Conde Nast production *GQ*, says "I would like you not to call it a male *Vogue*": but it is as good a shorthand as any.

The luxurious narcissism of the higher reaches of women's magazines (the ones which cost £2) has been transferred into the men's sphere. Men's magazines contain page after page of beautiful young men, occasionally with beautiful young women, pouting, grimacing, baring their teeth, coquetting and looking soulful in a variety of makes of clothes: Hugo Boss, Paul Smith, Hilton, Gap, Carlo Carlucci, Armani, Ralph Lauren.

That is the bread and butter: but then the Complete Man must be complemented with: the Toiletries; the Watch; the Car; the Audio system: and beyond these, the good wines; the good books; the choice of plays, films, CDs. In this hinterland of how to spend it, the ads and the editorial text merge into one.

Shulman was also emphatic that no comparison should be made with the *other* kind of men's magazine, of which *Playboy* is the best known and most asceptic of the bunch. These lead a rather furtive life, invariably up on the top shelf of the magazine racks, harried by men and women who disapprove of other women earning good money to provide men with sexual fantasies. These have *nothing to do* with *men's magazines, said Shulman*.

That is true in one sense: the only sexy pictures in men's magazines are in the adverts. But where the other sort give pleasure to men by showing them women, *men's magazines* give pleasure by showing men men, banking on the hunch that men can be just as willing as women to pore over the pictures, to fantasise that they are themselves as lithe and burnished, as smouldering and carefree, as the models.

At their best, they are about the surface of things and bodies: relentlessly turning the attention away from any consideration other than the way things and people look.

The best was *Arena*, a monthly begun by Nick Logan, who recently sold it out to Conde Nast. Where an earlier generation of trend-setting designers of the '60s – such as Dave King on the *Sunday Times* magazine and Pearce Marchbanks on *Time Out* – had established a fashion for filling a page or even pages with pictures, *Arena* used pictures half an inch square, drawing the eye in to make out the detail in the miniature.

Models wear *fine* suits with the jacket open to show wide braces over a bare chest; or clasp each other as though bidding a last farewell on the steps of the gallows. Creating little picture dramas of *apparently great import, or mystery*, or absurdity, simply to sell clothes or perfumes was a way of making passion exist on the same level as a fine sports shirt: after all, a man should have both, should *he not*?

GQ is less ambitious, or less cool. Its ads are slightly more anxious, sometimes: as the advert for Hugo Boss "Fragrance for Men", which seeks to make men's perfume acceptable by a headline – "The Boss Way of Life" – over a picture of a pair of strong man's hands flipping over the pages of a Filofax, exquisite fountain pen in one hand, wedding ring on the other. Don't worry! You can be a straight, regular, rich guy and still dab a touch of Boss on before that Big Meeting!

There is, of course, the question of what keeps the adverts apart – though often they come in glutinous clusters, both designers and advertisers realising that for many readers, the ads *are* the reason for buying the magazine. The prose which separates the adverts is usually as smart as the ads themselves. The favourite mode is the interview: with Mel Gibson and Charlton Heston (*For Him*), the two broadcasting Dimblebys and Bernardo Bertolucci (*GQ*) and Gary Oldman (*Arena*).

The prose is usually admiring, with a little touch of cynicism and quite a lot of high colour. As: "His (Bertolucci's) ursine bulkiness contrasts markedly with the mercurial mind . . . on first impressions, his dark gaze is worldly and caressing, then nose-to-nose ferocious."

Perhaps the prose is the way it is because the subjects are the way they are. They confirm the purpose of the magazines: the surface is all. By choosing people who are famous for being famous the interviewer is faced with a face, or a body. To "probe" behind it is beside the point. The face and the body, and the act, is what is important, what makes the person good or even great. What he or she thinks about "life" is irrelevant.

Then the style of interviewing – a short introduction followed by an encounter with the great person often containing as many details about the interviewer's reaction as the great one's action – reduces the subject to banality. The fact that the same people are interviewed repeatedly has a similarly numbing effect. It is a kind of a masque, where interviewers who want to be in the interview meet interviewees whose practised responses have placed them far back behind the interview, leaving a semi-vacant space which the interviewee is almost obliged to fill.

There is more to the magazines than this (though this is the guts of it). Shulman stresses her interest in current affairs: she has commissioned pieces on South Africa, the Tamil Tigers, Hong Kong. The spring issue of *Arena* (this is spring for *Arena*) has a piece on serial killers rather in the style of Truman Capote or Norman Mailer, both of whom had been drawn to murderers for their subjects.

Esquire will seek a *different* plane. Lee Eisenberg, former editor of the US edition and editor-in-chief of the English one, talked before his magazine's launch largely about writing. He had clearly *thought* about his subject.

He believed that the great days of magazine writing – when Mailer and Capote and Tom Wolfe and Gay Talese were piling in long, good essays at thousands of dollars a shot, all half fascinated by journalism, half despising it as a way of paying the bills for the next novel-writing stint – would be difficult to recreate. The new generation didn't seem to have measured up to that one. Something had gone soft.

In England, he is impressed by the newspaper culture. Good writers write well for them, in a way they usually do not in the US. He wants to find the good journalists who want to take a longer shot at a piece than a day or two: give them five or six weeks on the road. He doesn't want the "encounter" interview: he wants the long piece, perhaps like the essays Gail Sheehy did for *Vanity Fair* on Mikhail Gorbachev. Substantial things. He has thought about importing *Esquire* from the US to Britain: he has decided to rethink it entirely, keeping only one or two features. He has a high sense of what magazines *can do for the culture: bad ones can drag* it down, good ones help shape it.

We shall see how it goes. In the most recent US edition (which he did not edit) the longest pieces were on the comedian Jerry Lewis, and on the future marriage of Ted Turner, head of Cable News Network (CNN) and Jane Fonda, the film star. Both were better than the British equivalents: the Lewis article because the author had talked to a lot of people about Lewis before talking to Lewis, because he had spent long enough with the comic to get more than the rehearsed interview and because Lewis is a genius.

The Jane and Ted piece was done as a *kind of fable of our time, playing off* a number of whimsical thoughts – imagine these two middle aged multi-millionaires playing love-struck! Imagine Ted showing Jane his studios, while the staff don't *know whether to stand up or carry on* working! Imagine Ms Radical marrying Mr Brash Capitalist! – on a well researched narrative.

But it was all on the surface, purveying an image of what New Man wants or wants to be. Every "man at his best" (*Esquire*'s motto) has wanted Fonda, and envies the Turner's success after he was told he was mad to take on the networks. It is a model on which fantasies rather than clothes are hung.

The logic of men's magazines is as compelling as that of women's magazines. To *be* a man's magazine, rather than just a magazine, you have to offer audience which you are mobilising for your advertisers a certain sense of being . . . a man.

Shulman does not wish the phrase : "new man" to be used, but like her other prohibitions, it is unworthy of being squashed because it expresses well enough what the man's magazines are seeking to do. They are trying to create a style into which men will slip – composed of fantasies, intellectual curiosity, vanity and a desire to be distracted from distraction by distraction. *GQ* recently did an issue under the rubric of "Are you man enough" – encouraging the writers to be confessional of their grief, their shame, their *fear. Some pretty bad stuff came out* – the product, probably, of a commission to grapple with large and important feelings for which the writers lacked both the time and the novelist's craft to avoid being merely maudlin.

Still, it showed that men, now, could cry, love children and feel nervous about sex. It is good to know that magazines are ready to reveal these truths.

Looking good, feeling . . . sensitive. The editorial and advertising merge in a message of luxurious narcissism

Despatches

The downfall of Germany's Mr Fixit

David Marsh *reports on how a high-flying politician fell victim to a breath of scandal*

THE REGION of Baden-Württemberg in southern Germany is a well-heeled area of rolling hillsides and close-knit towns packed with industrious manufacturers of everything from cuckoo clocks to sports cars. It is a pernickety region in which people work, save and play hard, and book up painstakingly long in advance for far-off summer holidays. Daimler-Benz and Robert Bosch, Boris Becker and Steffi Graf all come from here.

It is not a bad place in which to be state premier; not a bad place to exert influence at the interstices of politics and business; not a bad place to enjoy the fruits of prosperity. Unless, that is, like Lothar Späth, you succeed a little *too* well in doing all these things at once.

Späth, 53, a self-made politician with the looks of a Machiavellian bank clerk, resigned last month after 12 years as state premier. A jauntily confident product of the Baden-Württemberg heartland of Swabia, only two years ago he was the southern prince waiting in the wings of the ruling Christian Democrats to snatch power from Chancellor Helmut Kohl.

But Späth's reign was snuffed out by the whiff of scandal after a series of media revelations about over-close links to big business. Spurred on by the Opposition Social Democrats, a parliamentary inquiry into possible corruption of regional ministers is starting this Thursday in the state capital of Stuttgart to explore whether there was indeed something rotten in the rich state of Baden-Württemberg.

Perpetually framed by slightly conspiratorial smoke rings from his pencil cigars, Späth put Baden-Württemberg firmly on the map with a never-ending stream of industrial and cultural initiatives. A man of boundless energy, defying convention by calling secretaries and tycoons alike by the familiar "Du" form, Späth was Baden-Württemberg's Mr Fixit.

Partly because of the lack of a genuine capital, Germany's business and political elites generally tend not to intermingle – in spite of the highly corporatist nature of much of the German economy. They rub shoulders stiffly on supervisory boards and at state cocktail parties, factory openings or funerals. But, in their spare time, they *inhabit* separate worlds. Späth was the exception.

His understanding of economics and his reputation as a humane technocrat added to Baden-Württemberg's attractions as a centre for high-tech investment during the last decade. Aptly symbolising post-war German Wanderlust, Späth is a great traveller. From Paris to Peking, he never missed the opportunity of extolling Baden-Württemberg's virtues.

In the end, however, Späth fell from grace because he showed a singular lack of that quintessential political commodity: judgment.

Späth has firmly denied accepting favour from businessmen in return for giving certain companies privileges in Baden-Württemberg deals. But he has admitted that in one particular friendship – with Helmut Lohr, the former boss of electronics concern Standard Elektrik Lorenz, currently on trial on charges of tax fraud – he failed to spot Lohr's character flaws.

Lohr took the Späth family on a yachting holiday in the Aegean in 1986, and paid for the trip out of his company's funds. Particularly embarrassing for Späth, the Baden-Württemberg fiscal authorities accepted Lohr's argument that the expenditure was tax-deductible on the grounds that it was furthering his company's business.

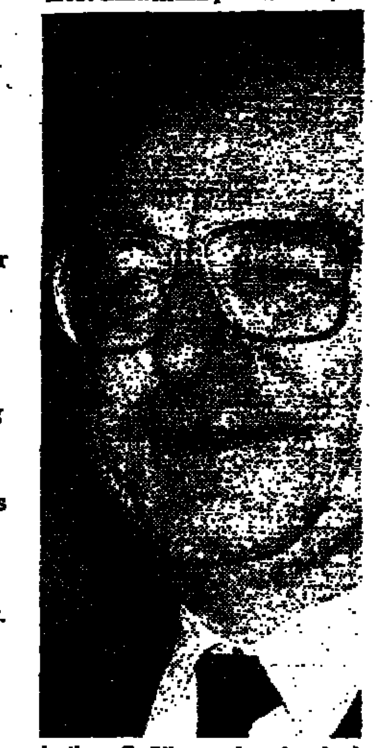
Späth also at various times over the last few years found himself on a free-wheeling trip to Brazil in the company of industrialist cronies, on a Caribbean cruise with Max Grundig, the late founder of the celebrated electricals group, and on an expensive visit to Malaysia organised by another friendly manager. And, like other German state premiers, Späth often used local companies' business jets to fly on trips at home and abroad.

Some Christian Democrat officials also accuse Späth of becoming too close to Werner Niefer, head of Daimler's Mercedes-Benz car division, said to have exerted influence over past personnel choices in the Baden-Württemberg government.

No-one suggests that Späth was doing anything wrong by playing tennis regularly with Edzard Reuter, the Daimler chairman. But even some of Späth's political friends say that he undermined his own political position by becoming unduly identified with the interests of the state's top companies.

There is a suggestion that Späth's humble origins – he worked his way up the political ladder without even passing his high school exams – may have made him particularly susceptible to the blandishments of corporate power. On a salary of DM350,000 (about £120,000) a year, Späth used sometimes to complain that he earned more during his previous career in the construction industry. By contrast, Reuter earns around DM1.5m a year – and this is relatively modest by the standards of some small- and medium-sized Baden-Württemberg businesses.

One of the reasons why Späth over-stepped the limits of prudence may also have been that he was blinded by the generally favourable accounts of his actions portrayed in the German media. *Der Spiegel*, the Hamburg news magazine which is probably Germany's most influential publication, played an important role in building up Späth's image as a contender to Helmut Kohl, the man *Der Spiegel* loves to hate. The magazine's revelations in recent weeks have been a powerful factor removing Späth from office.

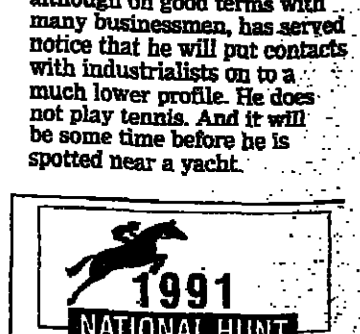


Lothar Späth: a singular lack of political judgment

Hartmut Reichl, Späth's *former press officer*, stoutly defends his boss's industry contacts on the grounds that he was serving his state's best interests. Reichl says that *Der Spiegel journalists used to* travel with Späth on the same private aeroplane trips which they are now denouncing as examples of unethical behaviour.

Erwin Teufel, the down-to-earth Christian Democrat who has taken over as prime minister from Späth, is hoping that the parliamentary inquiry does not stir up more trouble. The Social Democrats see the affair as helping their bid to unseat the Right in next year's state elections.

Späth remains a popular figure. He has received about 1,200 letters since his resignation, most in his favour. However, most Swabians are stout defenders of financial rectitude – and will not take kindly to more lurid revelations of ministerial high-living, especially if it turns out that taxpayers are footing the bill. Teufel, although on good terms with many businessmen, has served notice that he will put contacts with industrialists on to a much lower profile. He does not play tennis. And it will be some time before he is spotted near a yacht.



Caverns of literary life

EVERY YEAR, the Modern Language Association of America holds its annual convention. In a nation which consistently prefers work to holidays, however rich it becomes, conferences are part of the job for many people. But there is nothing quite like MLA. This year it was the turn of Chicago to play host to 9,500 professors of literature as they discussed the state of their profession.

Only a bunch of academics would choose the Windy City in the dead of winter for their fun, one participant complained. And indeed the arctic snows, driven from across the Great Lakes, duly slushed the streets and interrupted the travel plans of almost everybody. *But at the same time the* weather effectively dissuaded all but the most adventurous from leaving the building, so swelling attendances at the meetings. Most of the proceedings took place in converted ballrooms deep underground where the distinction between night and day became as unstable as a critical reading.

Chicago is among only a handful of cities capable of accepting MLA. One huge hotel accommodated all the professors of English. Another, a *few* blocks away, contained all the other modern languages. Busses shuttled between the two, but they were little used. In the United States, where academic boundaries are jealously guarded, if you want to take an interest in somebody else's field, you first set up an interdisciplinary study group.

The programme consists largely of the reading of papers. I was flattered to be invited to give one myself and the fact that over 600 other sessions were listed, most with three speakers each, did not diminish the honour. Most papers are refered – as they say – in advance, and although many are called, few are chosen.

The printed programme tells a great deal about the state of scholarship. There are numerous excellent seminars devoted *to individual famous (or, as we* now say, canonical) authors. You could attend sessions on how to teach business French, how to exploit your computer or how to apply for a grant. But the current weight is on literary theory and on the voices and silences of minorities among whom America still numbers women. A typical paper might be titled "Sexuality and Textuality: The Body as Other in Emily Dickinson." From medieval French to modern Chicano, body and sex were big this year in all the conference rooms and probably elsewhere as well. For, as any critic could tell you, beneath every text is an *infinity of subtext which may* be more interesting.

A third hotel served as a job centre. Academics who gave papers in the mornings were *recruiting in the afternoon*. Many of the younger colleagues who filled their sessions saw them face to face later at one of the 150 interview *tables*. Other useful contacts could be made at the Romantics cash bar, or the open meetings of the Gay and Lesbian Caucus.

In the deepest cavern of all, an area the size of a small railway station, several hundred publishers displayed their products in what must be the biggest academic book fair in the world. Eager professors opened negotiations for their next collection of essays; others just checked that their books were well displayed. One publisher told me he would keep a book in print provided only that it sold more than 20 copies over three years, counting those bought by the author. A professor told me that he was director of contemporary civilisation at his university. MLA proves vividly that, in America at least, his subject is in safe hands.

William St Clair

The sharp end of pain relief

David Fishlock *reports on how an ancient remedy has been updated*

NEEDLES SCARED many people long before they were associated with addictive drugs. Electricity still scares many. Which makes it all the more surprising that high-tech products associated with both are selling briskly for the relief of a multitude of common medical complaints, from arthritis to wrinkles.

The latest of them, newly launched in Britain, is a treatment for stress in which an electrical current too faint to feel is injected into the ear for a few minutes three times a day. Dr Dean Richards, an Australian medical man, is the inventor of Stress Man, an electrical form of acupuncture tailored specifically to treat this 20th century condition.

It involves no needles and no sensation of electricity beyond a faint tingle. It has no side-effects and you cannot over-dose, he says.

Richards began to experiment with acupuncture – initially as a sceptic, he says – when he became bored with prescribing orthodox medicine. *He visited Hong Kong to study* the ancient Chinese practice, then returned to Australia and tried it on his own chronic sinus problem. It cleared up. He built up an acupuncture practice and was treating 100 patients a week.

However, he saw the traditional acupuncture needle as something that would deter many potential patients. Some practitioners used needles several inches in length. Alternatives to twiddling needles included electrical pulses and laser-beam pulses. All seemed to have the desired effect of stimulating the release of natural chemicals – pain-killers and perhaps antibiotics, hormones, etc. – depending on precisely where the stimulation took place.

Richards picked electricity as a convenient and easily controlled stimulant to explore. Electricity was once prescribed as a treatment for many complaints, major and minor, when convenient and safe sources such as magnetos and induction coils first became available about a century ago. The makers of a typical Edwardian *hand-wound magneto* in its mahogany case would invite you to hold on to the electrodes in order to dispel (or at least distract you from) conditions as diverse as dyspepsia and gout.

Dr Dean Richards tunes in to his Stress Man pain reliever

Acupuncturists were already abandoning their needles in favour of transcutaneous stimulation without breaking the skin, says Richards. In 1985 he invented AcuHealth, a hand-held electronic device with a spring-loaded probe that presses against but never pierces the skin. The instrument first locates the point of lowest resistance, then injects pulses of a minuscule current, only 32 micro-amperes.

It is sold for the self-administration of acupuncture, and is recommended by Richards for the relief of scores of common complaints – back pain, headache, sea-sickness, hiccups, snoring, hangover, and sagging cheeks. Each problem has several specific points for its treatment, delineated in the accompanying handbook he has written.

In Britain, AcuHealth was tested by Boots the Chemists and Savory & Moore before winning approval for over-the-counter sale in both chains of high street pharmacies in recent months. It comes with a book in which Richards explains the technique and *how to apply it to each complaint*.

In Australia it has been used to help sporting performance, with swimmers, for example. He claims that it increases reserves of energy and improves breathing. It also works on animals – Richards says he can relax horses and greyhounds before they are raced.

He gave up his acupuncture practice when most of his patients equipped themselves with this Australian-made *instrument. Growing fears of* Aids was a further inducement to abandon needles. AcuHealth in Britain costs £149.95, and sells with a 30-day money-back guarantee. Worldwide, it has sold about 60,000 models.

Two years ago he began to develop a version, called Stress Man, which was tailored specifically to treat stress. The best point to treat stress is a point on the auricle or outer ear. He sought a way of injecting his electrical pulses accurately into this point for 20 to 30 minutes at a stretch.

"If things are too hard to use, they won't be used", says Richards. To arrive at his all-purpose ear-piece that clips to either ear and will serve almost all users, he had to study a thousand different shapes and sizes of ear. Instead of a point, the device spreads its stimulating pulses over an area about half a centimetre across. The instrument itself is worn like a Walkman cassette player.

But does it work? Stress, although the subject of much public debate, is not a well-defined medical syndrome. Some stress is *certainly normal* enough. What worries people is if they believe they are under abnormally high levels of stress, or when it may interact with another condition such as hypertension, or "shows in the face" as haggard features.

"A respectable body of medical opinion accepts acupuncture today for several possible reasons", says James Monro, a Buckinghamshire anaesthetist. "It can be explained by the gate theory of pain control, by hypnosis, by release of nature's own pain-killers, and even by the placebo effect or self-deception, or a bit of each."

Monro adds, however: "Where I become very sceptical is over the significance of low-resistance points and magic channels of energy that no-one *has ever seen under the microscope.*"

Richards stresses that he is not advising people to bypass their own doctors. But he believes he can wean many from the tranquillisers and other pills on which they have come to depend. For a stress-conscious executive he claims three sessions a day with Stress Man, each of 30 minutes or so, does the trick.

Has Stress Man been scientifically tested? AcuHealth has never been exposed to the rigours of the double-blind trial required for prescription medicines, because of the difficulty of mounting such a trial on people who are essentially well. The evidence that it works comes from the low rate of returns – about 2 per cent in Australia – of a fairly expensive product.

For Stress Man, which costs £169, it may be possible to measure the effect on stress indirectly, by measuring such effects as a fall in blood pressure or a change in body chemistry. In Australia, Professor George Singer, director of the brain dysfunction unit at Latrobe University, Melbourne, is drafting a protocol for such a trial. He will try to work with changes in saliva to avoid any upsurge in stress if the doctor tries to take a blood test.

Unlike medicine, acupuncture cannot overdose. The whole point of the technique is to bring an abnormal situation back to normal. The only side-effect Richards recalls is when an practitioner punctured a patient's lung with a long needle. But he has a cautionary tale to tell, of the woman who *slipped into the toilet to treat* her headache – and alerted her firm's security system with the faint buzzing of her AcuHealth instrument.

HOW TO SPEND IT

Keeping it chic and cheerful

***Lucia van der Post** on a fashionable fusion, naif sheep, designer toothbrushes and more*

IF YOU own a single shop that is as stylish as Harvey Nichols and a chain of shops as widespread and as middle-of-the-road as Principles, how do you get each to enjoy the benefits of the unique qualities of the other?

You would probably do what Burtons is doing, which is to try to sell the stylishness of one to a much larger market and to inject more gloss into the middle-market image of the other. It has hit on a clever way of doing this which, as with all the best things in life, seems to benefit not just Harvey Nichols and Principles but you and me as well.

The Harvey Nichols look, in the shape of a tightly-edited, classic, classy collection of clothes bearing the Harvey Nichols Collection label has just gone into Principles stores all over the UK as well as into Harvey Nichols in London's Knightsbridge and into Debenhams stores in Aberdeen, Chester, Croydon, Guildford, Hull, Manchester, Nottingham, Preston, Sheffield, Southampton.

The look is definitely more Harvey Nichols than Principles; the prices more Principles than Harvey Nichols which, needless to say, is the right way round. This does NOT mean, however, that they are cheap. What they are is excellent value for money.

The clothes – as you can see from the picture on the right – have that easy, confident look that American designers do so well – soft silky jackets, wrap-over simple tops (á la Donna Karan), classic but unstuffy shirts, relaxed sarong skirts – in shades of coffee, chocolate, cream and soft pink for the collection that is in now but with blues and chambrays coming in in the spring and later strong richly-coloured linens arriving for high summer. Prices start at about £25 for a viscose T-shirt while a silk shawl collar jacket is £145 and classic silk or linen trousers start at £69.

The intention is that the Harvey Nichols Collection label is here to stay with new collections going into the Principles and Debenhams shops several times a year. None of them make huge fashion statements but all have the kind of easy classic quality that could make them the backbone of many a working woman's wardrobe.

■ Somerset Country Furniture, about which I have written before, isn't all it seems. It looks for all the world as if genuinely old pieces of country furniture have been rescued from some loft and then gently painted and restored to make them acceptable to the gentry. In fact, Ron Oram, who owns Someset Country Furniture, ran out of old pieces to restore so now his workshops make new new pieces that *look* as if they have just been rescued.

All the shapes are based on the simple, functional pieces made by village craftsmen all over England in the 17th, 18th and 19th centuries and since I last wrote the range has been greatly expanded. It now includes many extra small pieces – shelves, low tables, chests, boxes – of the sort that many houses need, as well as a small collection of "fake" primitive pictures like the sheep pictured right – it may not be Stubbs, but it's a hell of a lot cheaper.

The mood, as you can see, is strictly rural, naif, unsophisticated – real country-style. The primitive pictures start at £220. For a full-colour brochure showing everything it does, write to Somerset Country Furniture, The Old Chapel, Church Street, Ilchester, Somerset. Tel: 0935-841212.

■ Silk Road Marketing is a small mail-order operation that sells a number of charming things at excellent prices.

You could start by ringing the warehouse on 021-327-1172 and asking for the illustrated leaflet. On it you will find things like a white embroidered duvet cover in pure cotton (£59 king-size, £49 single); a pure white embroidered cotton nightdress, Victorian-style, for just £20; a necklace of sophisticated metallic brown/black/grey ceramic beads for £9.50; and a luscious chiffon scarf embroidered with dots of gold on black or dots of silver on white, 4 ft square, for £9.50.

Currently it also has a sale of small, very thick cotton dhurries – £25 for two, £15 for one. There are two designs: either pastels measuring two metres by one metre, or mulberry & cream, measuring 1.32 metres by just under one metre. Prices are the same whichever you order. The address is Silk Road Marketing, Freepost, Birmingham B6 7BR.

■ Are you off to the snows, or just facing the domestic

winds and tundras that seem our current winter lot? What you need is some protection for the skin. Most cosmetic companies make such products these days but Cosmetics To Go has a special Below Zero collection that, like all its wares, is based on natural ingredients and has been tested in places as God-forsaken and windblown and snow-blown as the North Pole, Mount Kilimanjaro and the local Beejam freezer centre.

The Below Zero collection contains no water but is based on the notion that there should be a water-resistant layer over the skin to protect it from the worst the elements can do. There is a lip salve called Frostbite (use it over or under or instead of lipstick) at £2.25. Then there is Alacalufa Storm Protection (Alacalufa being the name of some South American Indians living way down south close to Antarctica) which creates a good, non-sticky barrier against the bitterest of wind and even (it says) against the chill of the coldest British Rail carriages. It costs £3.75 for 50 gm and £2.75 for 5 gm – that's because it comes in a handy carrying stick, and packaging costs so much these days.

For skiers there is also Blocski, a total sun bloc, for £2.75, but perhaps handiest of all for the snow-loving brigade is the Polar Bandit – a chic electric-blue armband into which bullet-sized packs of Frostbite, Alacalufa and Blocski fit neatly so you can touch up your protection while on the slopes. Write to Cosmetics To Go, 29 High Street, Poole, Dorset BH15 1AB or ring Freefone 0800-373-366.

■ Since the *Weekend FT* focused on "cost-conscious chic" in early January readers around the country have been writing to tell of some of their local "finds". A big find for those within reach of Bradford is Beans of Bradford at 203 Westgate, Bradford (tel: 0274-737089) which seems like a home-grown version of that famous Boston store, Filene's Basement.

Here the Bean brothers operate an amazing fashion sale 52 weeks of the year – many big brand names are there, from Alexon and Windsmoore to Viyella, Country Casuals, Cojana, Berghaus and Butte Knit, all at 50 per cent off. There is lots of menswear, too.

■ In recessionary times needs must, and all over the country people are learning to do for themselves the sort of things that once they wouldn't have dreamed even of understanding, let alone tackled on their own. Schools to teach everything from how to marble-finish your walls to how to transform old pine pieces into a thing of beauty are springing up everywhere.

KLC Interior Design Training, 5 Blythe Mews, Blythe Road, London, W14 (tel: 071-602-8592) has found its curtain-making classes are much in demand (anybody who has recently paid for professionally-made curtains will know exactly why) but it also runs one day courses on decorative paint finishes.

An introductory day includes basics and all the fashionable spongeing, ragging, dragging and marbling techniques. After that you can take your pick from stencilling, découpage or "ancient walls" (the last two run by Kevin McCloud, that master of the art of magic effects). Each day costs £75 plus VAT and includes lunch.

Lucinda de la Rue spent a day with students who were on one of KLC's serious four-week certification courses (£1,150 plus VAT) and this is what she found.

"The courses are not to be taken lightly. They are hard work and are intended for those seeking an academic qualification in order to improve their career prospects. I was impressed by the intensive training, the short coffee breaks and the professionalism of the lecturers. This was NOT a Kensington Wives get-together.

"There were about 12 on the course I was on but it can vary up to as many as 22. The full course covers interior design and colour consultancy, planning and principles of design, lighting, working with subcontractors, buying antiques and period furniture, while perhaps the most useful lecture of all is the end of term presentation of the finishing touches.

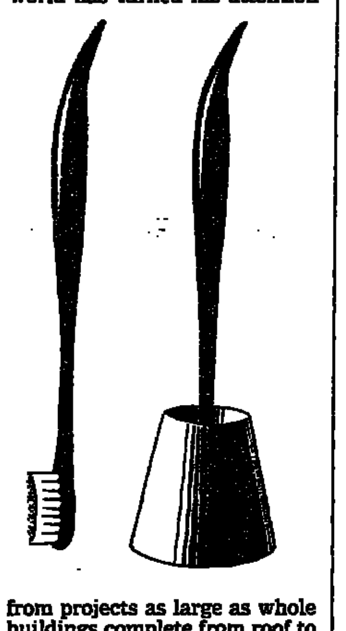
"In the short time I was there I managed to pick up a few helpful hints – to water my rush matting and not to hang my pictures like ducks flying up the wall. The rest of the students had learnt a lot more besides and were confident that they had reached a high standard."

If you have old or rather battered pieces of furniture which could do with a facelift Belinda Ballantine has just started a school in Malmesbury which show you exactly how. There is a single introductory day (£70 plus VAT) or a three day basic course (£180 plus VAT) which takes you through preparation, finishes and quick ways of achieving a good finish and on the third day there is design work. See what Belinda's nifty way with a paintbrush did for the old *armoire* at the bottom of the page.

The prices include all materials and samples but if you have your own beloved battered piece at home that you'd love to recycle and turn into a thing of beauty there is a five-day workshop (£300 plus VAT) to which you can bring your own piece and transform it under skilled tuition. Brochure and more details from Belinda Ballantine, Apsley House, 6–3 High Street, Malmesbury, Wiltshire, SN16 9 AG. Tel: 0666-822047.

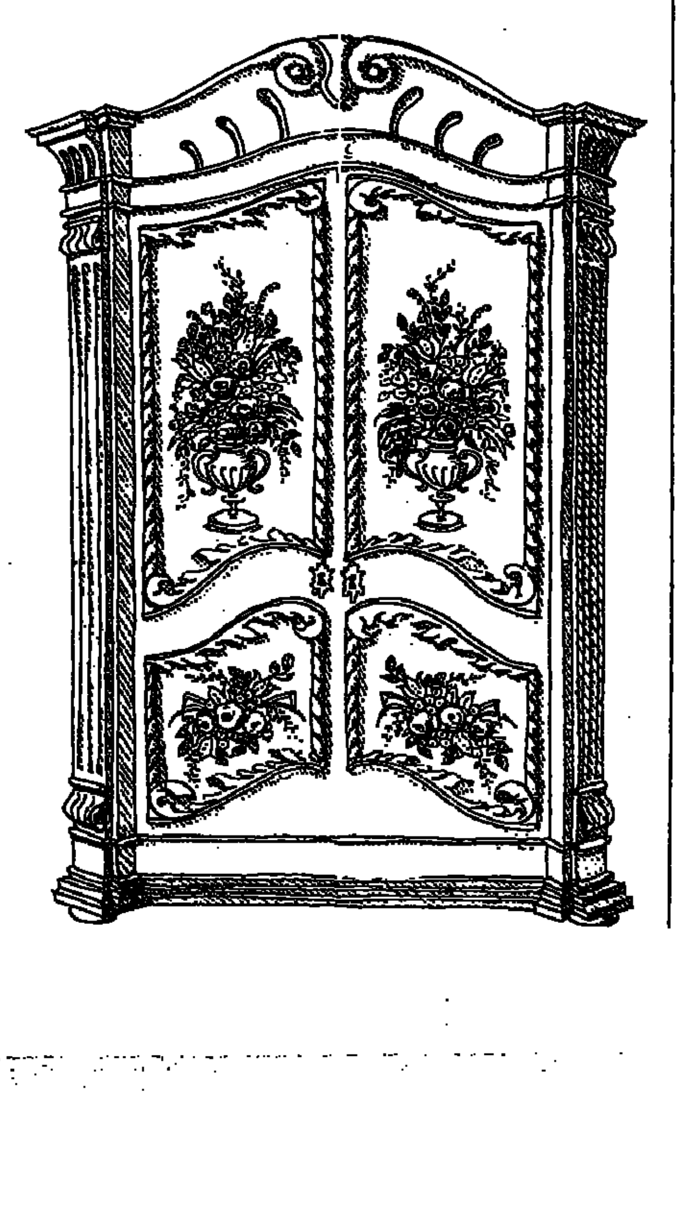
If you are interested in serious restoration – things like china, oils or watercolours, frames, furniture or textile conservation – then Barkes Restoration Courses will teach you how. There are 10 different short courses, ranging from one to five days, to choose from (prices range from £100 to £400) and then there are six-week courses for those who want seriously to learn. Details from Barkes Restoration Courses, The Garden Flat, 74 Harwood Road, London SW6 4PZ.

■ Nothing is too large or too small to be outside the scope of Philippe Starck's enveloping talents. This so-called *enfant terrible* of the French design world has turned his attention



from projects as large as whole buildings complete from roof to the last vase of flowers to something as small as a lemon squeezer (which needless to say is quite unlike any other seen before or since).

The only time I met him he was, by a long chalk, both the scruffiest and the most beguiling of my fellow panellists on a television design quiz but he was brandishing a strange-looking implement which was hot off the production line and served as what I think is known as a "conversation point". It turned out to be a *tooth*brush and holder (pictured above) and an intriguing-looking item it was, too. Well, it is now on the market, available to one and all, in purple, green, red, pink or clear. It costs £8.95 from Maison, 917-919 Fulham Road, London SW6 5HU. Tel: 071-736-3121.



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James Ferguson

How to attain the peak of perfection

***Peter Knight** provides a guide to the latest male fashion accessory*

WHEN PRIME ministers start to look as young as policemen it is time to buy a hat.

Ever since I tried on grandpa's homburg I've wanted to wear something rakish on my head. But like pipes, hats tend to make the cheeks that much more cherubic and young men can look quite silly with things on their heads.

However, now that my forehead is in deep recession and my face is beginning to resemble the wrinkled William Auden, I feel that I am at last old enough to wear a hat without inviting hoots of derision from colleagues, bank tellers and scaffolders.

Fortunately my mid-life crisis has coincided with a resurgence in men wearing hats. Oxford Street might not look like a scene from a 1940s gangster movie but there are definitely more hats on men's heads than there were in the '70s and '80s. Nobody seems to know why. Paul Keers, author of *A Gentleman's Wardrobe*, thinks it could have something to do with men wearing shorter hair and the return to classic styles in menswear.

Other pundits point to popular films which have featured heroes in hats – *Indiana Jones*, *Dick Tracy*, *Henry [Miller] & June*. And a public relations push from Anthony Marangos, who recently bought the famous New Bond Street hatters, Herbert Johnson, has encouraged the media to be a little more hat conscious.

But while it might be more acceptable for men under 50 to dress the head, people like me whose families have been hatless for generations find it truly daunting to buy their first hat. Prices range from £25 to around £150 for models that, to the uninitiated, look identical. Styles and names differ too. Some, such as the trilby or homburg, are distinctive but others are variants that might be called a fedora in Bond Street and a German trilby in Covent Garden.

With this in mind, here is my beginner's beginners' guide to buying your first hat.

MATERIALS

Besides the formal hard shapes, such as the top and bowler, hats are made from felt (most men's hats), straw (boaters and some panamas), reeds (proper Ecuadorean panamas) and tweed (fishing and flat caps). There are two types of felt: wool and fur. Wool felt is thicker and cheaper and does not tolerate rain. Fur-felt is made from rabbit fur for which, I am assured, the rabbits are shaved and not skinned. There are different qualities and weights, but a good felt will repel the rain and keep its shape. It can also be shaped or "snapped" into the style you require.

The more formal shapes, such as the trilby, will also be lined inside. Cheaper hats will use polyester and vinyl innerband, while the more expensive models will have satin and leather. Some manufacturers cover the inside lining with plastic to prevent hair oils discolouring the crown while others use oil cloth. Neither leather nor vinyl prevent your forehead from sweating, but leather is more comfortable.

SIZES

These now come in both metric and imperial. It is best to get an assistant to measure your head before trying on different sizes. The trial and error method is especially difficult if you are unsure of how low the hat should sit. A good hat shop, with informed assistants, is a better bet.

HOW TO PUT IT ON

Take a trilby or similar style. Snap the brim to your desired look by, for example, holding the front with both hands between forefinger and thumb. Let the hat swing on its own weight, which will bend the felt. Then, holding the dents in the crown, place the hat at about a 45-degree slope to your forehead, before pivoting it on to your head. This will scoop away any hair you might be lucky enough to have hanging on your forehead. Push the hat quite low and a little more forward than you might think. If it has broadish brim you should be able to see the overhang without really looking up.

WHAT SHOULD YOU FEEL LIKE?

Quite silly, if this is your first time with a felt roof on your head. And if the brim is broad, you might think others will find you suspiciously flamboyant. This is an understandable reaction, but the feeling should be repressed, for a few minutes, anyway. Did Harrison Ford look effete as Indiana Jones? Was Warren Beatty limp-wristed as Dick Tracy? Real men *do* wear hats. You just have to find the one that suits you best. It is also advisable to listen to a loved one before you leave the shop.

HOW MUCH TO PAY

Don't buy a hat until you have found the one you really like. You should not have to spend more than £50 and you could escape at half that. Once you're hooked there is no real limit. Herbert Johnson's prices start at around £75 for a fur-felt and reach £735 for a Monte Christi foldable panama. Prices in, say, George Arthur Dunn peak at £45 and some smaller menswear shops start at around £25.

COLOUR

Although old-style etiquette dictated black for the city and brown for the country, now any colour will do. Wear whatever suits you and your suits, or jeans for that matter.

WHERE TO BUY

Famous London hatters, such as Bates in Jermyn Street, James Lock in St. James's and Herbert Johnson, have the knowledge to provide the professional help if you can withstand the sometimes intimidating style of service, although Herbert Johnson has lightened up a lot. Look also for cheaper specialists, such as The Hat Shop, which carries a range of classic and modern styles. Dunn's is dependable for inexpensive straw, cloth and felt.

ADDRESSES

Bates, 21a Jermyn Street, London SW1.

Herbert Johnson, 30 New Bond Street, London W1. Mail order catalogue available.

The Hat Shop, 58 Neal Street, London WC2 and 9, Gees Court, St. Christopher's Place, London, W1.

The George Arthur Dunn chain has 150 shops throughout the UK but its future ownership is currently the subject of some speculation.

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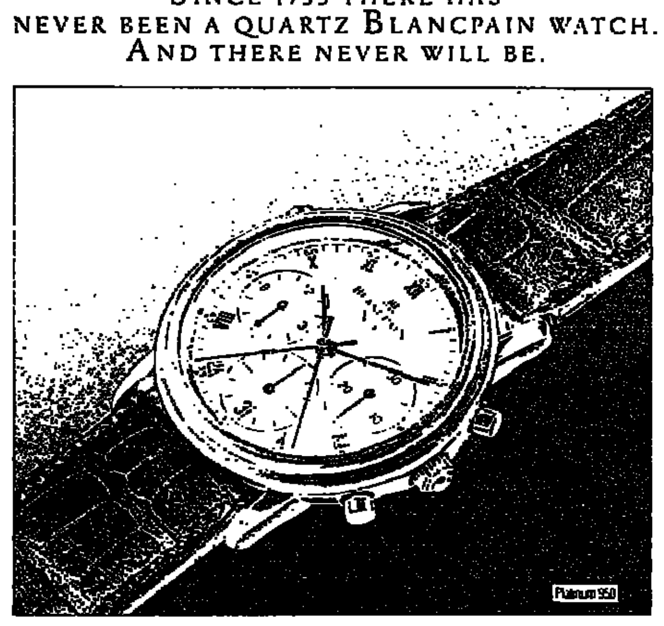

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Cycle of danger grows worse

***Stuart Marshall** asks whether motorists are a menace to two-wheeled road users*

DO MOTORISTS give cyclists an even break? Not according to Dr A P White, of Solihull. He is a former amateur racing cyclist of 30 years ago who in middle age returned to the saddle in pursuit of pleasure.

Dr White was so surprised to see road safety for cyclists even mentioned in a motoring column (this page, two weeks ago) that he wrote to draw my attention to "the really alarming state of affairs" they faced on British roads.

Conditions were much worse for cyclists than they were in 1961 though, overall, roads were now safer. "I now wear a crash helmet – something I just did not feel was necessary 30 years ago," he says.

Dr White, who uses a car for business, a bicycle only for recreation, accuses motorists of "a widespread negative attitude". This ranges from lack of consideration for cyclists or awareness of their needs to "downright hostility and aggression."

There seemed, he said, to be a feeling that cyclists were "not real road users". This made pedestrians step out in front of them and motorists manoeuvre around them "in a way they wouldn't dream of doing in the vicinity of any other road user."

Some drivers gave the impression of being unaware of the cyclist's existence until a dangerous situation arose. Others thought cyclists were quasi-pedestrians "whose needs could be disregarded . . . because they were never going to need any of the driver's valuable road space."

Specifically, Dr White complained of:

- A minority of motorists crowding cyclists when overtaking them out of either ignorance or hostility.
- Vehicles turning left immediately after having overtaken pedal cyclists, forcing them to brake heavily. "It has not happened to me in several hundred thousand miles of car driving (lucky Dr White – I wish I could say the same) so why should it be such a problem for cyclists? he asked.
- Drivers pulling out of side roads in front of cyclists – motor-cyclists, too – either because they had not seen them or had underestimated their speed.
- Vehicles sweeping into roundabouts and barging into the path of cyclists already there instead of giving them right of way as the law demands.

Although Dr White loves cycling, he would now hesitate to recommend it as a sport or pastime – "it is just too dangerous." He said he was beginning to wonder how much longer he could go on before giving it up, this time for good.

When young, I cycled everywhere; I had no option. The last time I pedalled a bike on the highway was so long ago I have forgotten but I know what Dr White means. An uncouth and uncaring minority of drivers has always felt much the same about people riding horses.

In the 60s and 70s I thought nothing of riding for a couple of miles along an A road to reach open exercise country. But by the mid-80s it had become unpleasantly chancy to be only feet away from a torrent of cars, lorries and motor-cycles.

Today, I would not care to risk life and limb (the horse's and mine) by hacking along a busy main road. It is not just that there are more vehicles on the road. So many of their drivers (most of whom have never been on the back of a horse) are thoughtless and ill mannered – yes, aggressive, too – toward equestrians. Of course, speed also comes into it.

Traffic may have slowed of late in congested inner city streets but it certainly has not in the country. It goes faster. Advances in car and tyre technology have made it easy to maintain speeds on rural roads, including those full of blind bends, that would have been unthinkable 25 years ago.

This must partly account for the cavalier treatment of cyclists that Dr White complains of. But, without wishing to start a pedal vs. petrol engine war, aren't cyclists to blame for at least a proportion of the accidents they are involved in?

Especially in Central London, where the way some of them ride makes the blood alternately boil and freeze. They go from kerbside to centre of road to make right turns without a backward glance or hand signal. If they are aware of the danger to themselves and others, they do not show it. They wobble past cars on their nearside, or in between two lanes of slow-moving traffic when it suits them.

All motorists have seen them ignore traffic lights, pedestrian crossings and halt signs as if they did not apply to cyclists at all. At night, bikes with safely bright front and rear lights and riders with reflective markings are in a small minority. Some cyclists ride on pavements as if they had as much right to be there as pedestrians.

And what of the hordes of children let loose on main roads on "chopper" bikes in school holidays? Do their parents care about their safety or survival.

Pedal cycles, along with mopeds, horses and slow moving vehicles, are already banned from motorways. Perhaps the ban should be extended, for the riders' own safety, to dual carriageways and other roads which regularly carry heavy, fast moving traffic unless there are cycle tracks alongside?

But are reserved cycle tracks the answer? Next time you drive down the Great West Road from Chiswick toward Heathrow, spare a glance at the concrete strips in the grass verge between pavement and roadway. They date from the 30s, when they were Britain's first cycle tracks.

A good idea? I would have thought so. But many cyclists refused to use them because, they said, they had every right to be on the road, not confined to a track.

Have attitudes changed since then – are cycle tracks in places like Milton Keynes the answer to the pedal pusher's prayer? Should we have reserved kerbside lanes that allow cyclists to ride against the traffic, as in New York? I feel a million cyclists are waiting to tell me.

Two-tyre tricks

WIDE, ultra low profile tyres may aquaplane in very heavy rain; tall, narrow tyres will not. That is why the JJD system replaces one fat tyre with two thin ones mounted side by side. Surface water that cannot be drained away fast enough by a wide tyre's tread pattern to prevent aquaplaning simply flows through the massive channel between the two JJD tyres.

As an extra benefit, if one of the thin tyres goes down, the car can continue its journey for hundreds of kilometres almost as though nothing had happened. All the driver has to do is increase the inflation pressure of the surviving tyre so it can cope with the extra load.

The JJD twin wheel system (pictured above on a BMW) first saw light of day nearly eight years ago. Many car makers have tried them and several thousand sets have been sold world-wide. Customers have included police forces in Switzerland – the inventor, Jerry Juhan, lives in Geneva – and Australia. But no car manufacturer has been persuaded to factory fit the JJD twin tyres, which were made first by Goodyear and then by Britain's Avon.

Japan's Yokohama Tyre, in co-operation with Juhan, is hoping to change all that. It has developed its own version of the JJD system called "Anno-2000" for high-performance cars like Honda's NSX, which will be available to Swiss buyers fitted with them.

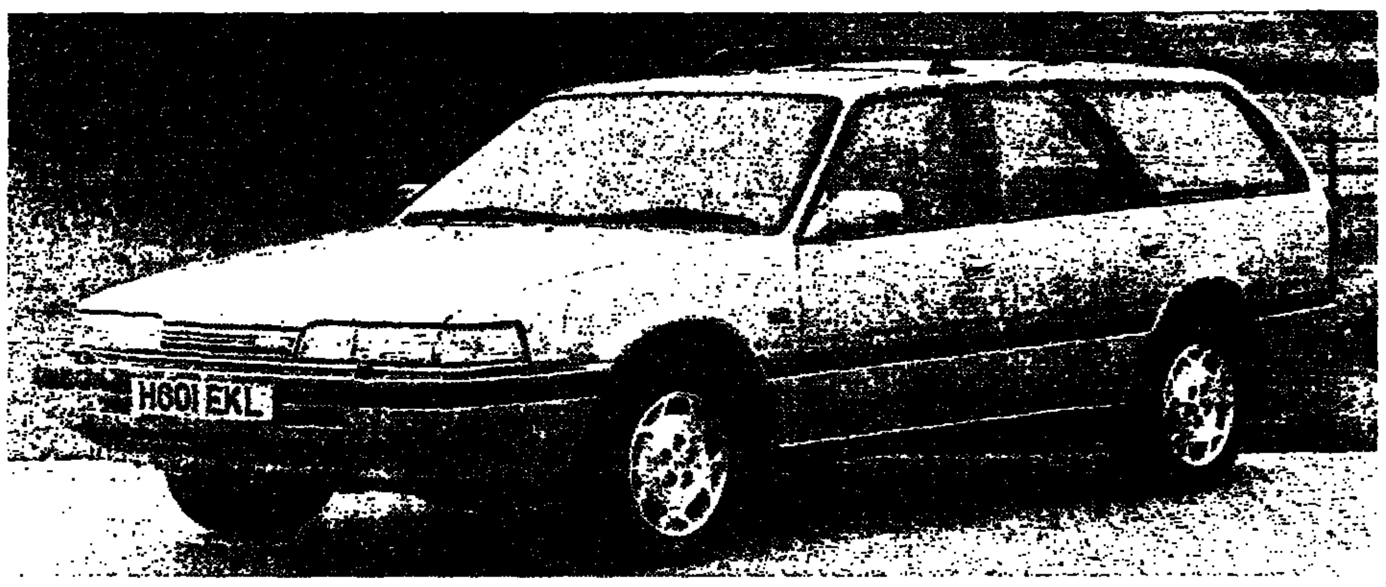
Weather beater

LAST WEEK, when I thought the snow had finished, we had another nine inches (23 cm) of it overnight. Next morning, I could not get a car up my long but gently sloping drive and cursed my lack of foresight for not having arranged to have a four-wheel drive on road test at the time.

Something like a Mazda 616 2.2i GLX 4WD Estate would have been ideal. This good looking and versatile newcomer (pictured right) has just gone on sale at £16,499, which includes power steering, cruise control, anti-lock brakes, power operated windows and outside mirrors, alloy wheels and central locking.

At that price it compares well with full-time, four-wheel driven rivals such as the Audi 100 Avant quattro (£22,500) and Ford Sierra 2.9i Ghia 4x4 (£17,940) though the Subaru 2.2 GX 4WD estate at £15,499 remains a bargain.

The transmission that will keep the 626 estate mobile in snow or mud and safely stable on wet roads is based on the system used in the very successful Mazda 323 Turbo 4x4 rally car. For many people who burden themselves with a heavy, thirsty and far less comfortable on-off road vehicle for the sake of its macho image and four-wheel drive, the Mazda could be a good buy.



City of London, a blush-pink bedding rose that requires moderate pruning

The prickly puzzle of perfect pruning

*You need to know where to snip to make your rose bushes bloom. **Arthur Hellyer** offers hints*

ROSE PRUNING puzzles many people but is really a straightforward matter based on the way roses look after themselves.

They thrive on young growth and, except for a few foundation stems which may live for years and attain a considerable girth, they allow their branches to die as they age and so make way for young stems. The big branches decay and eventually disappear but it is a slow business which gardeners wish to eliminate both for reasons of appearance and hygiene.

The main purpose of pruning is to cut out the older stems long before they get to the stage of dying, but to do it in such a way that there is a constant and sufficient supply of new growth to take its place. This will also involve regular feeding, for roses are hungry plants. It may also necessitate spraying, particularly against mildew and black spot and probably also against greenflies, which are all likely to attack many of the hybrid roses, which are the kinds most planted in gardens.

Most wild roses, also known as rose species, flower only once a year and, unless their flowers are followed by ornamental heps, the best time to prune them is soon after flowering as this gives maximum time for new stems to fill the empty spaces that same year, with more to follow in spring and summer.

This rule also applies to once-flowering hybrid roses including those that are known as ramblers and which are particularly suitable for training on pergolas and screens. These rambler roses often make most of their new growth from quite low down and the older stems that have flowered can be cut right out.

This system is easy to understand but more difficult to carry out since all these long stems can be covered in thorns. The beautiful coppery-pink Albertine is a particularly bad example, a rose which one must approach with thorn-proof gloves and jacket and some protection for the ears.

Other climbing roses, many of which are repeat flowering, can be pruned in autumn or in February and March at the same time as the bush roses. Again the aim is to cut out the older stems and retain the best of the new, but much of it is likely to come from quite high up the old stems, so clearly this lower part cannot all be cut out.

Some can go if there is sufficient young growth from lower down to fill available space. That is a matter for judgment. You should consider each plant critically and note any stems that look unhealthy and so are best removed.

Most of the popular bush and bedding roses are man-made hybrids which flower in flushes, maybe two or three throughout the summer and early autumn, and the number of blooms produced depends in part on cutting out the flower stems as the flowers fade.

I do not always follow this last advice as many bedding roses have attractive heps which are not mentioned in the catalogues but which I am glad to have because they give colour well into the winter. It is a matter of personal choice on which there can be no hard and fast rule.

What can be said is that on the whole these long-flowering varieties need more pruning than those that flower only once a year because they tend to wear themselves out and must have their strength concentrated on a reduced number of stems. It is in judging how many of these stems should be encouraged that the greatest skill is required.

A very vigorous rose, such as the Queen Elizabeth, can be allowed to make quite a lot of new growth and, if restricted too much, may perform badly. By contrast, naturally weak roses need to be cut back more severely, so concentrating sap on a smaller number of new stems.

This kind of knowledge can only come from experience; or for beginners perhaps from the advice of more knowledgeable friends or neighbours.

What can be said is that all the very free flowering bush roses, whether Large Flowered (also known as Hybrid Tea) or Cluster Flowered (Floribunda) should have all dead, diseased and very thin stems cut right out and the rest shortened by anything from a third for the sturdiest to two thirds for those of medium vigour.

Rose bushes that have fallen into very poor condition can sometimes be rejuvenated by cutting them down to within six to eight inches of the soil and then feeding and watering them well during spring and summer.

Expert rose growers always insist that every pruning cut should be made just above a growth bud from which the new shoot will grow, so leaving no stub of stem with nothing to draw sap through it. This is true, but it is not as easy to carry out as it sounds. When in doubt I cut where I think is correct but I look over the roses a few weeks later and, if I have made a mistake, I cut that little bit more off just above the shoot that has actually grown.

Stems coming straight from the roots, or from the thick crown where stems join roots, should be viewed with suspicion as they may be harmful suckers. Most garden varieties of rose are still propagated by joining a single growth bud to the roots of a wild rose or rootstock by a method of grafting known as budding. When the union is complete all the stems of the rootstock are cut out so that all sap from the roots must pass through that single garden rose bud which will ensure that all subsequent growth is of its type.

Growth coming straight from the rootstock and thus bypassing that magical filter will only produce growth and flowers of the rootstock type. Usually the distinction is fairly obvious but this is a matter to which I will return another day.

Outdoors

Conifer forests fail acid test

Michael Wigan looks at the link between trees and pollution

THE country-lore presumption that the decline of Welsh fishing rivers owes much to forestry has recently been underwritten by science.

The news of this long-awaited breakthrough is unwelcome to the Forestry Commission. The Commission has fought a rearguard action to protect traditional planting by prolonging and picking holes in the research linking acidified freshwaters and afforestation. The post-war conifer planting policy in the uplands looks in hindsight remarkably blockheaded.

Howard Roberts has been secretary of the Welsh Salmon and Trout Angling Association for over 40 years, longer than the life of a short-rotation fir-tree. A devotee of the small headwater streams in the Cambrian hills, he recalls the time you could go out and catch breakfast easily and pleasantly. The Marteg was his "Thursday afternoon river", now it is forested almost throughout its catchment.

Now the great majority of fish survive only until the fry stage, than die off as they develop into Parr, killed by acidified flushed water in stormy rainfall. It seems a sad loss of amenity and sport to a leisure pursuit that is becoming increasingly popular.

Acidification of freshwater by trees has been a hot potato in the environmental debate for a long time. Most environmental science is complex, and conclusive proof is hard to assemble and requires years of work. The work in Wales which the the National Rivers Association is completing, and research by the Forestry Commission in conjunction with the Department of the Environment, forms the resolution of several wrong directions.

First, it was thought that acidification was caused by conifers from the leeching of pine needles through the soil and from tree roots. This was prior to the discovery that forestry acted not as a principal agent but as a collector of particles of air pollution.

Conifers play several roles in injuring freshwater life but the main role is, in Roberts' graphic phrase, "like a sweeping-brush combing the air".

Acid rain is caused by compounds of sulphur and nitrate in the air. The dense foliage of conifers trap or scavenge, the deposition in clouds and mist and release it into the soil as it trickles down fir-needles and tree trunks. The effect of this is to increase aluminium in the water below, which kills or retards young fish by furring their gill-covers.

Conifers are peculiarly efficient vectors of acid rain because of their foliage density and because they are permanently foliated. The most damaging circumstances for young fish life in feeder streams are sudden flushes of acidified water. In severe cases one cloudburst can result in all the young fish life dying. This, along with other forms of water contamination and riverbed disturbance, accounts for the complete disappearance of fish in parts of Galloway and Wales, the worst-affected areas.

Galloway and Wales are particularly vulnerable because of their geology. Chalk and limestone geology (such as much of southern England) is able to neutralise acid leeching in the soil. However, where underlying rock has a low "buffering-capacity" the acid flows unmoderated into freshwaters. Sadly most upland planting has taken place in the west, with low lime and calcium geology: those areas least capable of withstanding its ecological side-effects.

When clearfelled sites were examined in the third and fourth years the downstream aluminium content started to fall. This research has had the Forestry Commission wriggling on a pin. The Commission is identified chiefly with upland planting, and has become the bogeyman of many conservationists because of it. The uplands have been systematically blanketed with evergreens in a consistent post-war policy that only suffered its first setbacks in the late 80s when public opposition put a stop to any further planting of the English uplands and Chancellor Nigel Lawson removed tax relief for forestry investors.

Forestry Commission scientists still demand that the last pieces of the jigsaw have to be in place before they will accept the conifer-acid link in its entirety. But Commission officials are whistling a different tune. The whole role of forestry as a part of the land use equation has changed rapidly. Until recently subsidised agriculture to maximise food production had pushed forestry onto poorer land and higher up the hill, where it too needed heavy subsidising.

Agricultural surpluses have brought forestry down the hill. Eighty per cent of planting in England is now broadleaved woodland on low ground. We are in the era of Community Forests – a vast one is planned to span the desolate belt between Glasgow and Edinburgh – amenity, wildlife and recreation woodlands. Timber production is no longer the leading objective.

Thirty years ago the Commission appointed its first landscape consultant – although hill walkers might be forgiven for failing to understand what he did in those early decades. Now they have archaeology consultants and recreation officers. All environmental considerations are taken into account before permission to plant is granted. A Commission official said recently that "Afforestation of the uplands is, in a sense, completed".

It is a bitter irony that the upland programme of planting, the biggest irreversible land-use change in Britain this century, is drawing to a close at just the time science has given us the means to plan more environmentally-educated planting.

Dr Alistair Donald of the NFA in Wales believes river-systems should be assessed for the pollution load they are able to withstand as a preliminary step. Then, by calculating wind speeds, cloud frequency, and types of airborne pollution Dr Fowler says he can determine acid inputs. Further research could work out individual tree species' efficiency in transferring acidification into the soil. Forestry policy, for the first time, could be guided by data of this sort. A balanced ecological approach is now, or shortly will be, possible. For much of Britain it has come too late.

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FOOD & WINE

A new star from the Midi

***Edmund Penning-Rowsell** visits a French vineyard that could challenge the world's great wines*

THE MIDI is the source of half the wines of France, much of it thin stuff, the strength of which has to be boosted by the deep-coloured, undrinkably powerful wines from southern Italy and Sicily.

Islands of improvement have been formed in recent years, particularly in the west, but in the sun-baked Hérault the flat vineyards extend to an apparently limitless frontier: a political as well as an oenological and marketing problem in a country in which the consumption of basic *vin de table* has been falling steadily.

In this torrid region, where summer temperatures rise regularly to more than 100°F, few travellers would expect to find a vineyard described by a Bordeaux University professor as "capable of producing one of the world's great wines."

The vineyard, about 20 miles north-west of Montpellier, Hérault's capital, is called the Mas de Daumas Gassac, and its story is remarkable as well as romantic. In 1970, Aimé Guibert owned a high-class tannery in Millau, near the Gorges du Tarn, but his wife, Véronique, had a research job in Montpellier University – a long way from Millau. So they sought a midway house in the countryside, and found a disused mill in the foothills of the Massif Central near the village of Aniane.

Initially there was no thought of wine-making there, but Guibert knew a distinguished geographer, Professor Henri Enjalbert, whose speciality was geology. Almost by chance he visited the Guiberts and, groping their way through the scrubby undergrowth of the maquis – thereabouts called the garrigue – they came on an exceptional soil structure.

Although the *terroir* is calcareous and very poor, with scarcely any humus, it contains a slice of fine red powder up to metres wide in the steep hillside of the Gassac valley. Combined with altitude and exposition it could, the professor declared, make possible a wine to rival anywhere in the world.

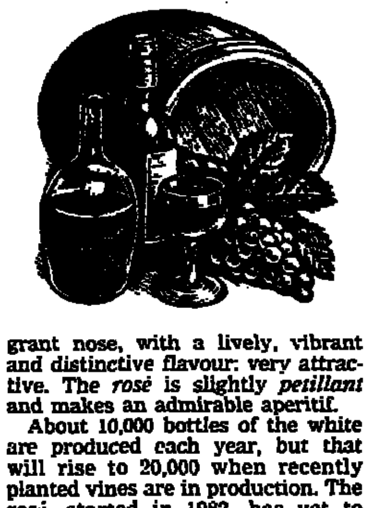
The location is in the shadow of the Massif – which to the north rises to a height of nearly 3,000 ft – with vineyards facing north-north-west at an altitude between 1,100 and 1,800 ft. In torrid August, the sun does not reach the vineyard until 10 am. Moreover, while the day temperature in summer may rise to 40°C (104°F), during the night it will not exceed 10°C (50°F) compared with 30°C (86°F) a few kilometres away on the plain. In the spring, the vines are 15 to 20 days behind those cut there.

In 1973, Guibert was able to start transforming parts of the densely scrub-covered valley into one relatively large vineyard of 4½ ha, plus a number of small ones. The estate covers 60 ha and 24 ha are now planted, with no further extension planned. The biggest vineyard contains only Cabernet-Sauvignon, the grape of Bordeaux; altogether, there are 10 ha of this variety and another 4 ha of Cabernet-Franc, Syrah, Merlot, Tannat, Malbec and Pinot Noir.

Seven ha of white grapes are planted on a different soil structure but at the same height and exposition as the black ones: 30 per cent apiece of Viognier (the rare variety of the Rhône), Chardonnay, Petit Marseng, (associated with Jurançon), 5 per cent Muscat, and a balance of local Midi white varieties. Finally, 3 ha are devoted to *rosé*, from 45 per cent apiece of Cabernet-Sauvignon and Syrah, the leading Rhône grape, and 10 per cent of Cabernet-Franc and Malbec.

The vintage, late for this region, begins in October and all the grapes are hand-picked in 20kg baskets so that they are not bruised. Before going into the vats they are passed along a *table roulant* where any defective fruit is picked out. The black grapes are fermented in stainless steel vats and then, after a light fining to clear the wine, put into oak barrels from Burgundy.

Just before the vintage last year, and after a precipitous tour of the vineyards in Guibert's car, my wife and I tasted the 1989 white wine and the *rosé*. The former has a very fra-



grant nose, with a lively, vibrant and distinctive flavour: very attractive. The *rosé* is slightly *petillant* and makes an admirable aperitif.

About 10,000 bottles of the white are produced each year, but that will rise to 20,000 when recently planted vines are in production. The *rosé*, started in 1982, has yet to reach its maximum quantity of 25,000 bottles and the crop yielded 10,000 in 1989. These are very good wines and the white is elegant and fresh, but it is the red that aims to challenge the world. With a yield varying from a low 30 hl per ha to a moderate 44 hl, the output ranges from 60,000 to 80,000 bottles a year.

After lunch we settled down to tasting and discussing six vintages of the red: from 1989 back to 1978, the first one marketed. Guibert also gave me his objective comments on the vintages we did not taste, and these are marked with an asterisk in the notes below.

Basically, these are very deep-coloured wines with great concentration and richness on the nose and palate. They taste quite alcoholic but they vary between 12.5 and 13 degrees, which is less than many red burgundies. Although generally claret in style, they tend to taste "bigger" than most.

1989: An aroma of sawn wood and lead pencils, oaky. Deep, dark colour; powerful, concentrated taste. The woody taste, Guibert said, would go after three months in steel tanks before bottling at a normal 18 months after the vintage. Should develop into fine wine.

1988: Still very deep in colour. More tannin on the nose than the '89, but an aroma of Cabernet developed after some time in the glass.

1987*: An elegant wine, more like a Médoc.

1986*: More spice, powerful, delicious with food.

1985: Rather less colour than the two younger wines. Very tannic, sawn wood again. Very rich and concentrated. More powerful and more backward than the '88. Rather burgundian in character.

1984*: Weak.

1983: Big colour, showing more development now than more recent vintages. Vegetable flavours, more accessible than younger years, but not so fruity at the end.

1982: Rich, bigger wine than '83, vanilla, oaky nose. Some wood on taste with a strong, roasted flavour. Still tannic but one of the best for the future. My favourite, followed by the '89.

1981*: Less powerful than '82, more like a classic Médoc.

1980*: More burgundian in style.

1979*: Classic Médoc, the most Médocain of all.

1978: Full colour, stalky taste, claret style. Remarkable for wine from vines only five years old.

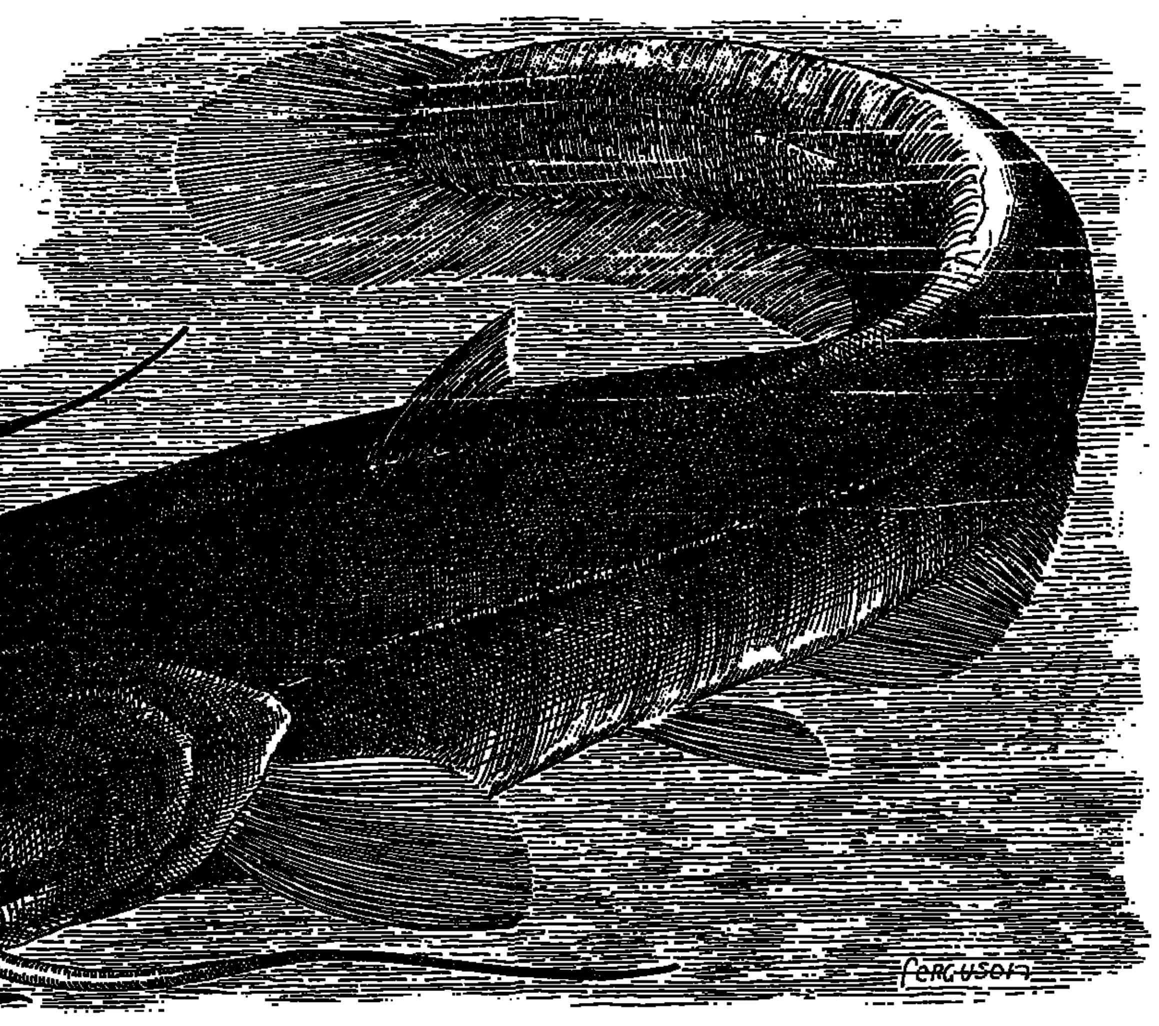
Inevitably, the interest aroused by such a wine has led to comparisons with other distinguished wines – Lafite, Latour and Pétrus. With the oldest wine only 12 years old, from very young vines, I believe it premature to make comparisons and to establish a ranking. With the early-planted vines now approaching 20 years in age their quality should improve and show itself more clearly, but that means another 10 to 20 years before their status is assured. There is no doubt, however, that they are fine, distinctive and – scarcely less important – very interesting.

With such small yields from modest-sized vineyards that are difficult to cultivate because of their steepness, all the Mas wines must be relatively expensive. Eighty per cent are exported and there is a mailing list of 5,000 plus. There is also a steady stream of *vente directe* visitors. The '89 red was offered ex-cellars at Ffr60 last June, but is now Ffr100, and will be Ffr150 next January – if there is any left to sell.

In the UK the wines are stocked by Adnams of Southwold ('88 red – £10.50); Peter Green, 37 Warrender Park Road, Edinburgh ('88 red – £10.45, '88 white – £14.95); Harrods ('84 red – £10, white – £7.85, '87 *rosé* £7.85); Pavillion Wine Co, Finsbury Circus Gardens, London, EC2 ('87 red – £9.56, '89 white – £13.22); La Vigneronne, Old Brompton Road, London, SW7 ('87 red – £16.95, '83 red – £20); Oddbins ('88 red – £9.99). The Wine Society, Stevenage, will shortly be listing the '88 red.

Good burger, fine puddings

***Giles MacDonogh** finds out how the Austrians eat during Lent*



THE *Burgermeister* of Mörbisch seemed particularly anxious that I should try his *Blünz'n. Blünz'n*, as it turned out, was a fine black pudding, all gleaming and steaming inside its runner (a tube of pig's intestine).

I took a mouthful. It was pleasantly creamy and above all warm; just the thing I needed that afternoon, with the temperature outside down to minus 15°C. I asked the mayor the usual polite questions. He answered with gourmand enthusiasm: "You like the black pudding! Oh, I'm so glad. I bought the pig with some friends this morning, and we only got round to killing it an hour or so ago. Of course you must know that the first thing you do when you slit the pig's throat is to collect the blood . . ."

My stomach turned, but the mayor was into his stride.

"Then we make the *Grammeln*, they're the bits which are left over after you have poured off the lard; the next thing we do here is make *Schubwurst* using the skin and the dark meat, then there is *Bratwurst, Presswurst*, and *Schwartlmagen*, using the stomach; Oh, and we cut off the hams and the backfat to make *Speck*; and I forgot the *Schnitzels!* The *Schnitzels!*"

Yes, I thought, now he was on to Austria's favourite food, there would be no stopping him.

Long before the arrival of Lent I was longing for an end to the endless diet of pork. Lent, however, is a curious affair in a landlocked country such as Austria.

Mörbisch is on the Neusiedlersee, on the eastern borders with Hungary. The shallow lake (in some places no more than a foot deep), provides some Lenten sustenance in the form of pike, zander (or pike-perch), carp and eels – the latter being essentially foreigners introduced 60 years ago to provide the locals with a new source of income.

The pike used to be the most highly prized product of the lake, something borne out by a strange story they told me in Rust; a town famous for storks (the one animal an Austrian draws the line at eating). Empress Maria Theresa was to make an official visit to the free city. The locals set about finding something of real worth to give her at the official banquet which was scheduled to take place in her honour. The lake was scoured for days and nights until one fisherman arrived at the town hall with a huge pike he had taken from the water.

As the feast was still three weeks off, the mayor of Rust decided that the fish should be marked and then thrown back in. I must say I found the story a little hard to understand. It may have been as a result of the thick local dialect, or indeed something to do with the fact that the Burgenlander joke is the local equivalent of our Irish joke.

The Danube too has its fish, the most individual of which is the *Wels*, or local catfish. One fellow tried to convince me that the *Wels* could grow to up to four metres in length and become a threat to the barges which plied the great waterway. I think he too must have been pulling my leg.

I had the chance to study and eat a *Wels* at the fine Loibnerhof near Dürstein. It was just a modest looking catfish, about three feet long with a pronounced gelatinous texture to its flesh.

Loiben, incidentally, was the site of the battle Napoleon lost in Austria. Another helpful local told me that the Austrian victory was the source of the name Blue Danube: the uniforms of the French soldiers floating in the river turned the Danube blue. This may well have been another tall story.

I asked a man from nearby Krems to give me an honest idea of what Austrians eat during the 40 day fast: "Potatoes," he said, "and *Rahmsuppe*" (cream soup). Further north, in the Waldviertel, the people spice up the potato soup with astonishing quantities of garlic which boils in your insides for days if you are unwise enough to finish a bowl.

The Waldviertel is famed for the backwardness of the people who live year in, year out, on a diet of poppy-seeds, which are even fed to infants to stop them from crying at night. The narcotic effect of poppy-seeds is here said to account for the slowness of the Waldviertler mind.

The other Lenten staple of the Waldviertler is *Sterz*: a sort of dough fried in the inevitable dripping, or *Schmalz*, and served with beans and onions. Sterz is also the Lenten standby in remote Styria, where fish can be a considerable treat in those 40 days which stretch out from the last carnival ball to Easter Sunday.

For most Austrians, however, the Lenten treat is the *Heringschmaus*, or herring feast. On the Monday before Lent the doors of village inns are plastered with posters announcing three-day bunfights where nothing but herrings are consumed. Unless you happen to be a Scotsman I don't suppose the idea of glutting yourself on herrings or *Sterz* would appeal that much, all of which may go some way to explain why it is that the *Burgermeister* of Mörbisch is butchering his pigs so late in the carnival season.

Cookery

Tasty chips off chic old blocks

NOT LONG ago a spud was a spud as far as most shopkeepers were concerned. Reds or whites, early or main crop was all the information you would get when you bought them. Now potatoes are big business and high street shops vie fiercely in their attempts to woo the customer with an ever increasing selection.

Speaking to Waitrose, Safeways, Sainsbury, Tesco, and Asda last week I learned that each of them currently stocks about ten varieties, including one waxy salad potato and one or two that are organically grown. Safeways tops the list with 12 sorts, of which five are organic. The choice at Marks and Spencer is smaller and none of their stock is organic.

Quality matters more than quantity and taste is a highly personal matter. Maybe I have only met dullard examples of Pentland Squire (on sale at Sainsbury, Safeways and Asda). Maybe I lack the subtle palate necessary to appreciate Linzer Delikatess (Waitrose), but neither of these recommends itself to me.

Maris Piper (Waitrose, Sainsbury, Tesco, Asda, M&S) is not exciting but I rate it a reliable all-rounder. Its floury textured creamy-white flesh may sometimes fuzz at the edges when boiled but it is a sound choice for baking, roasting, mashing and chipping.

A good red skinned Romano (Waitrose, Sainsbury, Tesco, Asda) can be very good. Desiree (Sainsbury, Safeway, Tesco) is even more desirable, a potato I would be happy to settle on as my everyday choice.

Tapering, waxy-fleshed La Ratte (Waitrose, Tesco, M&S) and Belle de Fontenay (Safeways) are, alas, premium priced but they are excellent – not only for salads but also boiled, steamed and in gratins.

The floury dry quality of Record (Safeways, M&S) makes it particularly good for baking but for my money the best baker of all is Golden Wonder – if you can find it. (Scottish branches of Safeways are likely to be the only stockists this weekend. Just over half of Waitrose branches are expected to stock limited quantities from Monday.)

My eyes have only been opened to the deliciousness of Golden Wonder quite recently. I ate rather a lot of it just before Christmas when I took part in a potato tasting held in the agreeable surroundings of Le Meridien hotel in Piccadilly (how's that for a sign of potatoes going up in the world). A handful of food writers gathered there to taste and compare a dozen varieties of potato, plain boiled, baked, mashed and sautéed. It was a rewarding experience as side by side tasting shows up well the enormous differences between varieties.

I was surprised by the versatility of the old French Belle de Fontenay. Oval, waxy, used mainly for salads, it turned out to be a surprisingly good all-rounder. Even chipped its lovely flavour was evident. When mashed I rated it nought out of ten for looking like Smash but it tasted buttery and good.

It was revealing to taste organically grown and "ordinary" Desiree side by side. I do not know how long either sort had been out of the ground, which may have been pertinent, but the organic version struck me as the less good by far. Its wet texture was decidedly disagreeable when baked, mashed and boiled and it made disgustingly weepy chips.

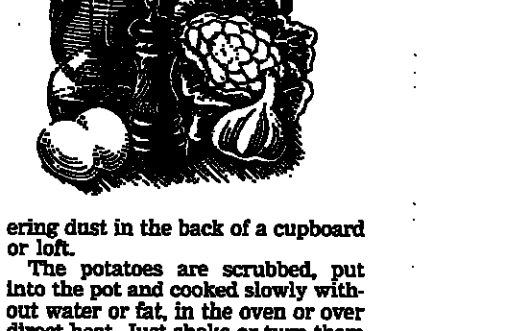
But the biggest excitement for me was Golden Wonder, a name I had ignorantly associated hitherto only with packets of potato crisps. Russet skinned and yellow fleshed, it has the driest, most floury texture of any potato I have ever eaten and the most distinctive flavour. For these reasons I dare say it is not everyone's potato. I thought it good mashed but even better plain boiled or baked (it has so much character of its own that butter seems almost superfluous) and it is terrific when sautéed – beautifully crisp without, floury and tender within.

Golden Wonder rarely appears in the shops. David Chambers of Le Meridien's Oak Room restaurant, whose kitchens we invaded for the tasting, told me that his Covent Garden supplier has been unable to get hold of any for two years. It does not thrive on all soils and likes the humid Irish climate best. It is low yielding and recent droughty summers have made it scarcer still.

As awareness of potato varieties grows, and their prices go up and up, so are we witnessing a renaissance in potato eating. Instead of tolerating potatoes on the side of the plate, potato cookery is coming to the fore. The fashion for flavoured breads has had its fling. Now it is the turn of potatoes.

Baked potatoes stuffed in a myriad of ways have become vogueish. Mashed potatoes are chic – providing they are prepared the Mediterranean way, not stiffly British or a sloppy French pureé made with hot milk and butter, but generously enriched with fruity olive oil and well spiked with garlic.

What's the betting that the cult of the *diable* or clay potato pot will be next? There is nothing new about it but it is simple, healthy and a great improver of flavour with many shop-bought potatoes, three factors which suggest its successful revival is imminent. Good kitchen shops still stock these special potato cooking pots, or you may find one gath-



ering dust in the back of a cupboard or loft.

The potatoes are scrubbed, put into the pot and cooked slowly without water or fat, in the oven or over direct heat. Just shake or turn them occasionally. The unglazed clay absorbs some of the moisture from the tubers as they cook, intensifying flavour and earthiness, and they emerge from the pot appetisingly charred in places like potatoes cooked in the embers of a fire.

Next week I shall be waving a patriotic flag with comforting home-grown potato recipes but here is a dish from Sweden which I used to cook, then forgot about. I was delighted to be reminded of it recently by Swedish contacts.

POTATO & ANCHOVY GRATIN

(Or *Jansonns frestelse* to give it its Swedish title) is a winner, no doubt about that, but anchovy lovers should be warned that it can become addictive.

For a substantial lunch dish for four people you need: 2 lb waxy potatoes, 2 large onions, 2 oz butter, 3 x 50 g tins of anchovy fillets, ½ pt double or whipping cream and 2 or 3 tablespoons of milk.

Slice the onions finely. Sweat them gently in a covered pan in most of the butter while you prepare the potatoes.

Cut the potatoes into tiny batons using the crinkly blade of a mandoline, or grate them coarsely. Butter a gratin dish or tian. Put half the potatoes into it. Season well with black pepper and arrange the fillets in a lattice pattern over them.

Cover with the contents of the onion pan. Season with more pepper and scatter the remaining potatoes evenly over the top. Mix the milk with the cream and dribble it over the potatoes then dribble on the oil from the anchovy cans.

Bake in a pre-heated oven at 425 F (225 C) gas mark 7 for 50 to 60 minutes until cooked through and crunchily browned on top.

Serve with a large green salad, schnapps and chilled beer, and go for a good walk afterwards.

Philippa Davenport

From fast to feast at sunset

Jill Norman explores abstinence and indulgence in great religious festivals

FASTING AND feasting are closely related aspects of the use of food, even though one conjures up images of frugality, monotony and virtue and the other those of excess, variety and indulgence.

Lack of food was well known in primitive societies: when the hunter or food gatherer had bad luck, or when the fisherman returned with empty nets. At lean times everyone gave up certain foods in the interests of the community. Turning hunger into ritual often made it more bearable and as a reward there would be celebrations when times of plenty returned – when hunting became possible again, or the seasons changed, making new crops available.

Great religions – such as Judaism, Christianity and Islam – have used times of fasting to make their followers exercise self-denial and obedience, do penance, and prepare for important religious festivals. Fasts require simple food and simple presentation, but every ritual fast is followed by a feast and some are preceded by serious, even sumptuous, eating.

The Jewish fast of Yom Kippur, the Day of Atonement, lasts from sunset on the previous day to the time of the evening meal. It marks the Israelites' repentance for worshipping the golden calf while Moses was on Mount Sinai. For centuries the Jews have fasted, given up sex and business transactions on this day. In Biblical times it was preceded by elaborate banquets – perhaps to make the hunger pangs more severe – but now only the Yom Kippur supper remains as a special feast.

Lent, the great Christian fast, lasts for 40 days. By the mid-20th century the church had lifted the ban on meat eating during Lent, but when it was rigorously observed no meat or dairy products and no wine were permitted. The diet consisted of pulses, vegetables, bread and fish (dried or salted fish would have been the norm).

In northern climates, where vegetables were often scarce, communities suffered considerable hardship at fast times and their diet often lacked vitamins and protein to balance the carbohydrate. By comparison a Greek Orthodox family would not have felt much deprivation on a lenten regime. In early spring the first fresh vegetables of the year appear in the market, there are citrus fruits and the people of the eastern Mediterranean have devised interesting dishes with beans and lentils.

The good Christian housewife had to get rid of all the meat from her larder before Ash Wednesday and served substantial, sometimes elaborate meals during the preceding days. The pre-lenten carnival, still celebrated in many Catholic countries, allowed a final letting off of steam before the fasting and praying begin. Drinking, dancing and eating fill the nights, with bands of masked mummers and musicians roaming the streets, as anyone who has experienced Fasching in south Germany will know.

The Moslem holy month of Ramadan is a moveable event since it follows a lunar calendar. It is a month-long fast broken each night by feasting. Piety, prayer and abstinence are called for. The fast is strict: no food or drink from daybreak to sunset. Each evening when the fast is broken a little food is eaten – traditionally dates and water – followed by evening prayer. After that comes the "break fast" meal, *iftar*.

The pious then withdraw to their devotions, but the general tendency is to visit family or friends or go to cafes or parks. People sleep little during Ramadan. The cities of the Middle East are alive and brightly lit by night. The crowds are in festive mood, the cafes and food shops, especially those selling sweetmeats, are busy. The night ends with *suhur*, the final meal before sunrise.

Thus the month of Ramadan is also the time for gastronomic abundance and ingenuity. Larders and fridges are packed with jams, sherbets, cheeses, pickles, cured meats and dry goods. In the past the houses of the rich were thrown open to the poor. At all social levels entertaining is important during the month, and Ramadan can be costly. There are few special foods for Ramadan; it is the number and variety of dishes that mark the feast, and the richer the better. The sweets arouse most enthusiasm – pastries, halva, fruits in syrup and gullac, the special dessert of Ramadan come at the end of the *iftar* meal. Many more are likely to be consumed during the night.

Perhaps the most remarkable combination of fasting and feasting was the coronation dinner in 1916 of the last king of Hungary, Karl IV, described by the playwright Ferenc Molnar. The king and queen sat at a high table and 19 noblemen advanced in procession, each bearing a gold platter of food. They stopped, bowed and walked on, still bearing the platters. No-one ate anything. The king raised his glass in a toast; the guests replied and the food was carried out of the hall. It was then transferred to ordinary dishes and taken to wounded victims of the First World War – a symbolic fast at the country's most important feast.

APPETISERS

CLASSED-GROWTH clarets of vintages of the '80s predominated at Christie's Bordeaux sale this week, and with some exceptions prices tended to be lower than those achieved earlier in the last three months, writes Edmund Penning Rowsell.

The inclusion of leading wines of the '82, '83 and '85 vintages provided an opportunity to compare the prices at which they were first offered retail on the UK market in the years following their production and those now obtaining at auction.

In cash terms the popular '82s still show progress on paper, at least without taking account of inflation of about 30 per cent. The other two are mostly marked lower than originally.

Alternatively, they may now be regarded as excellent bargains for those who did not buy these fine wines *en primeur*. The prices per case this week are followed in brackets with representative prices of their opening duty-paid-delivered prices.

1982. Lafite £750 (£345); Mouton-Rothschild £460 (£360); Cheval-Blanc £580 (£360); Ducru-Beaucaillou £460 (£150); Lynch-Bages £200 (£125); Palmer £330 (£142); Pichon-Lalande £300 (£135).

1983. Lafite £330 (£414); Latour £300 (£385); Margaux £380 (£356); Ducru-Beaucaillou £135 (£178); Figeac £135 (£192); Palmer £310 (£167); Pichon-Lalande £200 (£165).

1985. Lafite £370 (£678); Latour £320 (£500); Margaux £340 (£465); Mouton-Rothschild £380 (£465); Cheval-Blanc £370 (£465); Palmer £220 (£265).

Such figures will not provide much encouragement to *en primeur* buyers of the 1990's in three months' time, unless the prices are a good deal lower than the very high ones last year for the 1989 vintage.

■ ■ ■

TAYLOR'S, the Rolls-Royce of port houses, celebrates its 300th birthday next year. As part of the celebrations, the company would like to locate and purchase some interesting and rare vintages, especially any bottles from 1892 to 1906. For the best collection, and the oldest bottle, Taylor's is offering various prizes including a weekend in the Douro region of Portugal during the harvest.

Any lucky collector who can oblige should contact Taylor's agents, Mentzendorff, in London. Telephone 071-222-2522, or fax 071-222-0676.

Nicholas Lander

TRAVEL – EUROPEAN BREAKS

A city of secret sensualists

Nicholas Woodsworth finds sadness and song in evocative Lisbon

WHAT IS IT, I asked myself late one rainy night, that makes Lisbon different from other European capitals? Sitting in a café not far from the city's port, I was watching the marketmen, lorry drivers and fishwives who unload fresh produce for the early morning Mercado da Ribeira. Filling the room with their heavy outdoor clothing and rough manners, they seemed to have few interests that wet and hungry working people the world over would not share.

Yet when one of their company stamped in with a bunch of red carnations found dropped in a flower-market gutter, there was sudden emotion and admiration all around. Thick, work-hardened fingers twirled delicate long stems. Noses and bristly moustaches were thrust into blooms. Colour was compared and argued over. When these hardened marketmen finally trooped back into the cold night for more heaving and hauling, it was with the flowers still clutched in their hands.

The answer to my question was before me. Lisbon has a quality that makes it wonderfully different and an intriguing place for a short break – it is a city of secret sensualists.

A Mediterranean-style appreciation for the sensual things of life might not, at first, seem part of Lisbon's nature. The citizens of the Portuguese capital are not given to the spontaneous emotional outbursts of the Romans or the flamboyant behaviour of the Madrilenos.

In some ways Lisboans are more like the British – they are conservative in style and dress, have the discipline to queue patiently at bank and bus stop, and look on boasting and overstatement as bad form. Wholly Mediterranean in climate, Lisbon has a share of those un-Mediterranean qualities, restraint and introversion.

In turn, the physical make-up of the city appears formal and ordered – at least as ordered as any city built on nearly two dozen hills can be. The central part of town is made up of wide processional avenues, vast ceremonial squares, geometrically laid out gardens and a commercial district of neatly bisecting streets. Everywhere are the rather stiff statues and monuments honouring an imperial age when Portuguese colonies on three continents made the city one of the world's richest.

But first impressions in Lisbon are deceiving. Behind the controlled façade of every Lisboan – marketman or magistrate – lies an emotional *bon vivant*. Here is a connoisseur with a practised eye for the fine detail, a palate that appreciates the subtleties of good food and wine, an ear attuned to the expressive range and sensitivity of song. And these qualities are reflected in the city itself. Behind the massive architecture of empire lies a more natural and spontaneous beauty, a marvellously chaotic accretion of 2,000 years of daily life.

All this can be easily discovered in this compact and most walkable of cities. Leaving behind taxi or hire car – Lisboan driving and parking is at any rate impossible – walk up into the hills overlooking the Tagus River and into Libon's oldest and most appealing quarter.

Here in the twisting, cobblestoned alleys of Alfama, life – much of it unchanged since medieval times – is made up of strong and simple elements: whitewashed plaster, red terracotta roofs, blue ceramic tiles. But the decorative urges of the ordinary working people living here is quite un-ordinary and has transformed these elements.

Building façades are laced with balconies of intricate wrought ironwork, window sills and patios festooned with pots of flowers. Whole three-story walls are covered with glazed tiles of delicate and ornate pattern. Even Alfama's laundry hangs overhead in a way that is decorative and charming.

In summer, much of Alfama's life is lived outdoors – by day neighbours gather round sidewalk grills to eat freshly cooked sardines and drink wine. By night, often under bright moonlight reflecting off whitewashed walls and the battlements of the hilltop castle of Sao Jorge, you can wander the streets and hear snatches of that saddest and most evocative of song forms, Lisboan *fado*.

It is *fado* that lies at the very heart of, and perhaps explains, Lisbon's secret and emotional nature. Translated as "fate" or "destiny," *fado* is the haunting cry of a city that time and again over the centuries has been subjected to invasion, destruction and subjugation. It was occupied by the Moors for over 300 years, cowed by an Inquisition, ravaged by the plague, subjected to Spanish rule and, in 1755, almost wholly destroyed by an earthquake.

Living history: Lisboans have memories of a rich imperial age when their empire spanned three continents

The longing, the lament, the regret that Lisbon's history has produced lies deep in its character. Many visitors find a strange, unspoken air of sadness to Lisbon; *fado* is one of the rare instances when that sadness is expressed. Whatever its provenance, it is a part of the life of this city that must not be missed.

However, Lisbon's emotions are by no means all sad. In the Barrio Alto, another old hilltop district overlooking the water, you can find not only more *fado* but a great variety of restaurants, outdoor cafés and bars.

Unsung and unhonoured, Portuguese cooking is the great undiscovered cuisine of Europe, and the Barrio Alto is the place to run it to ground. Fragrant fish, grilled prawns, pungent Arabic coriander and fine aged ports and madeiras are only some of the things whose odours waft through these streets at night. For the best of traditional Portuguese cooking I would recommend Pap'acorda in the Barrio Alto, or Sua Excellencia, an intimate restaurant run by the hospitable Francisco Queiroz in the Lapa district.

If you want your fish wriggling fresh, take the half-hour train ride along the Tagus estuary to Cascais on the open sea and try the Beiramar or Joao Padeiro. Cascais is no longer just a sleepy little fishing village; now it has the unmistakable air of a prosperous southern seaside resort. But its colourful fishing boats still ride in on the surf every day to deliver to quayside markets and restaurants some of the most delicious seafood anywhere.

■ *Nicholas Woodsworth's trip was arranged by the Portuguese National Tourist Office (London: tel: 071-493-3873). He flew with Portuguese Airlines (tel: 071-828-0262) and stayed at Lisbon's Ritz Inter-continental Hotel (tel: 692020).*

EASTERN EUROPE

Capital choice for travellers

WAR in the Gulf has led to a downturn in bookings for short breaks across Europe and tour operators say the former east bloc countries have not escaped the slump, *writes Tim Burt*.

However, the cities of the Warsaw Pact are now busier than destinations around the eastern Mediterranean, and more British holiday companies are now including cities such as Budapest and Prague in their short breaks programmes.

There are more package tours available in eastern Europe than ever before, and restrictions for independent holidaymakers have been relaxed. British travellers no longer require visas for Hungary or Czechoslovakia. East Germany, of course, no longer exists and Bulgaria has waived the visa requirement for visitors on package tours. But visas are still necessary in Poland, Romania, Albania and the Soviet Union.

Czechoslovakia is leading the race to attract western visitors. The media spotlight which turned on Prague last year has reawakened interest in the capital. Until the late 1930's Prague was not a popular destination for short breaks. Now the brochures proclaim the city of 100 spires as a magnet for music, art and history lovers.

Sovereign Cities and Special Breaks (tel: 0293-560777) offers two-night stays in Prague from £269. The Sovereign price is typical of those offered in other cities and by other companies.

Independent travellers will find it difficult to make a worthwhile saving on the tour prices unless they are prepared for rough-and-ready accommodation. Airline tickets are available to Prague from £198 (Trailfinders: 071-937-5400); once there, the state room services – Cedok and Pragotour – can find you cheap hotels. However, you may find yourself wasting hours trying to secure a bed for the night.

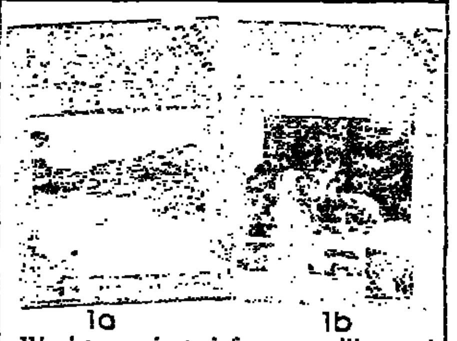
The scarcity of rooms has deterred some operators, such as British Airways Leisure Traveller, from including Prague in this year's short breaks programme. Ian Greenleaf, general manager of BA Short Breaks (0293-615353), says: "There's a tremendous pressure on bed availability in Prague and it means some operators cannot guarantee the quality of the hotels they offer."

Greenleaf, who claims that his programme is the most comprehensive on the market, says Moscow went through a similar problem a few years ago. However, the Soviet Union has not followed the Czech example by easing visa requirements and allowing visitors to choose where they stay. Tour groups in Moscow or Leningrad are allocated accommodation by Intourist, the state holiday company, which sometimes charges higher-than-average prices for less-than-average hotels.

The cheapest two-night stay in Moscow costs almost £100 more than a similar break in Prague or Budapest. Budget travellers should perhaps consider a twin-centre tour of Moscow and Leningrad, which is better value. One of the best deals is offered by Thomson Citybreaks (071-387-6534), which sells a week-long break taking in both cities from £299. Independent travellers following the same itinerary can also save on hotel costs by sleeping on the Moscow-Leningrad overnight train.

The disadvantages of the Soviet Union – delays, rigorous customs laws and poor service – are persuading some travellers to visit cities with a more western aspect, such as Budapest. Two nights in the Hungarian capital start from around £230.

Few tour companies include Poland in their itineraries. There are, however, short breaks to Warsaw available from Intourist (071-538-3202), which also sells a twin-centre tour taking in Cracow.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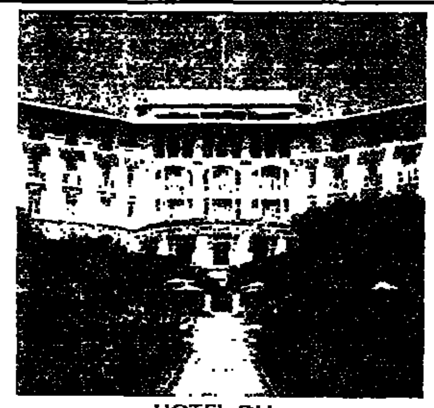
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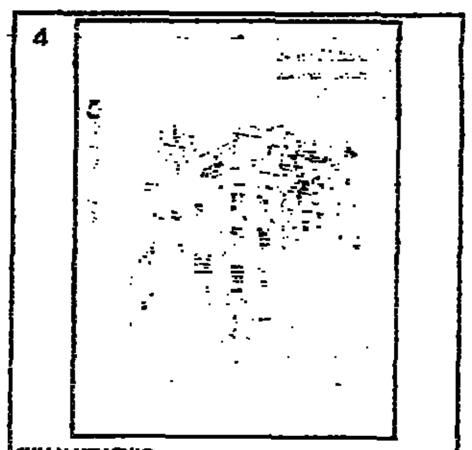

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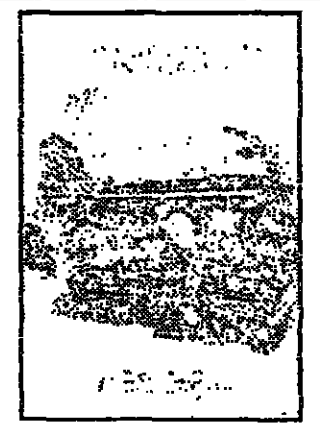

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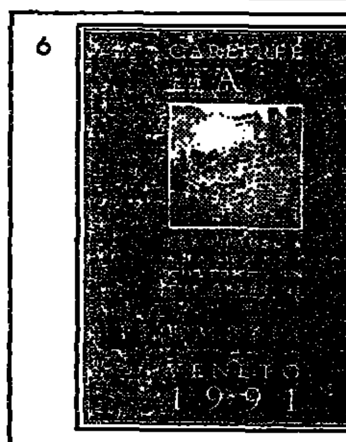

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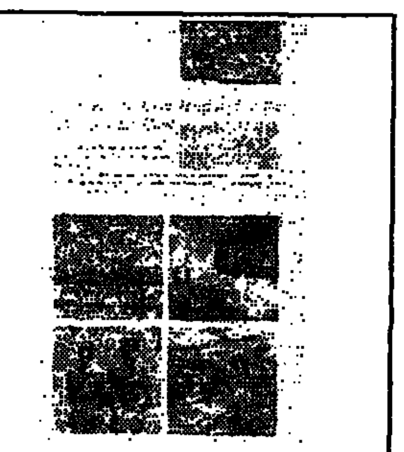

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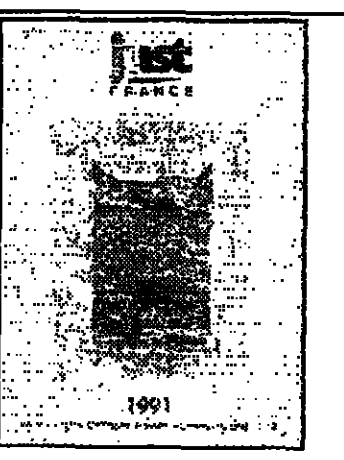

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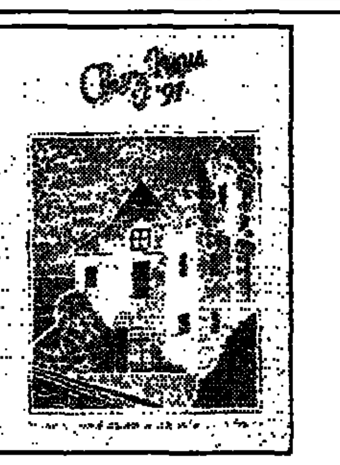

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TRAVEL — EUROPEAN BREAKS

Time for thought: Stockholm leisure pursuits tend to be intellectual rather than physical

A scent of Stockholm

***Sara Webb** returns to Europe's cleanest — and most insular — city*

THE FIRST thing you notice about Stockholm is that it has no smell. It is so clean, so hygienic, that it is like stepping into a large open-air hospital: not even the faintest whiff of pollution creeps up your nostrils, not even the faintest odour of stale commuters permeates the metro. It is pristine.

Somewhere out there, you imagine, there must be a marketing man ready to award Stockholm first prize in Europe's cleanest capital competition as a way of wooing the tourists. Except you cannot help feeling that Stockholmers do not really want any tourists. In any other capital you could wander around looking lost and a local would probably stop to redirect you, or you might strike up a conversation in a bar or café with a stranger.

Stockholm is not like that. I lived there for three years and came away with the feeling that Swedes have no curiosity about foreigners, no desire to question them about life outside this cold outpost of Europe. Most Swedes are well educated, well informed, well travelled. They already know everything about the outside world. And when they come home to Sweden, they hunch up their shoulders to the cold and the rest of humanity.

Stockholm is small, compact and very beautiful, set on a clutch of islands at the point where Lake Mälaren flows into the Baltic. On a cold day in January the icy black water gushes past the parliament building carrying ice shards from the lake out to sea. The skyline is dotted with red and amber buildings, their green copper rooftops dusted with snow, the low profile interrupted here and there by the church spires of a modern, unreligious people. On a clear winter's day the sun sits low in the sky and the light bounces off the white bellies and flanks of the yachts and steamers.

It helps if you like boats. The Swedes love boats. There are restaurant boats and a youth hostel boat in Stockholm. In summer the Swedes travel by sail- or speed- or ferry-boat from the centre of town and scatter like migrating animals to the thousands of tiny islands that speckle the Baltic sea around Stockholm — rocky islets like Fjärderholmerna, the pretty fishing port of Sandhamn, lovely Stegesund, Djurö, Mora, and Utö.

Strindberg wrote unflattering portraits of the islanders, describing them as simple ignorant fisherfolk. But today many of the red and yellow wooden houses out on these beautiful unspoilt islands are the Stockholmers' summer residences: they commute to town by boat, returning to the tranquil archipelago in the evening to sit at the water's edge in the pale midsummer light.

These days the Swedes are known for their superior safety standards — their indestructible cars, reliable washing machines and commitment to world peace. But in the early 17th century the Swedes were warmongers and built an empire around the Baltic with the help of a strong navy.

The most famous of their warships was the *Wasa*. Built by a Dutchman, she took three years to complete. She set sail in 1628 from Stockholm's shipyard, her gun ports open to show off to the crowds ashore the gilded lions' heads glaring above the guns' muzzles. But a gust of wind tipped the ship sufficiently for water to rush in through the gun ports and the *Wasa* sank after a maiden journey of 1,300 metres.

An inquiry into the disaster failed to produce a scapegoat, so the *Wasa* was left to rot until the 1950's when work began on salvaging her. She was lifted out, restored, and was recently moved to a new museum. Even for those not besotted with boats, this is one of the more interesting museums in Stockholm with films and exhibitions showing how uncomfortable life was on board such warships.

The *Wasa* museum is on Djurgarden, an island which approximates to a wilderness in this fastidiously tidy city. You can walk through the open fields and see pheasants and the occasional deer or hare. Ferries ply back and forth between Djurgarden and Gamla Stan, the old part of town which was the area of Stockholm first colonised in the 13th century.

By the late 19th century, Gamla Stan had degenerated into a slum, but the tall houses and narrow cobbled streets have been given a facelift and the tax-free tourist shops have moved in. In the centre is Storkyrkan, the cathedral, which has a striking statue of St George and the dragon. Around the corner is the main square, once the marketplace and scene of public executions. At Christmas there is usually a fair where you can buy ginger biscuits and mulled wine.

Overlooking the square is the beautiful old stock exchange where you might see a small investor peering at the screen on the wall to find out how his shares are doing. Above the stock exchange floor is the Swedish Academy where every autumn the winner of the Nobel prize for literature is announced to a tightly-packed room full of journalists and cameramen.

Nearby stands the rather drab royal palace where the king has an office and which houses a small but beautifully displayed collection of crown jewels. However, there is a far lovelier palace with ornamental gardens at Drottningholm, a boat ride or short bus trip away from the city centre. In the palace grounds is a theatre which was built for Queen Louisa Ulrike and which was much used by her son, King Gustav III, who loved the theatre and was keen on acting and directing plays.

His assassination at a masked ball inspired Verdi's opera, and his theatre was left untouched for decades. These days it is used for concerts and operas (but be warned, the benches are extremely uncomfortable and designed for small bottoms). Ask the guide to show you the thunder machine, which is a barrel of rocks that rolls across the top of the stage.

If you do not mind listening to Swedish lyrics, you should try the Folkopera on Södermalm, Stockholm's southern island. The company has a reputation for "offbeat" productions: their current production of *The Tales of Hoffmann* puts the orchestra in the centre of a spiral stage and has the cast bobbing up and down among huge dollops of soapsuds.

There is not much else to do in Stockholm at night.

The beautiful people, the clearasil blonds, are happy to queue outside the "right" venues in minus 12 degrees. Many will have arrived well tanked up with alcohol, given that prices at the bar are prohibitive: if your beer costs £5 a glass and your bottle of ordinary wine a mere £15, well, it's because taxes are high and the government would prefer you not to enjoy alcohol.

The Swedes drink milk or mineral water at lunchtime so that they do not go back to the office with a whiff of booze on their breath. I will never forget the chorus of disapproving stares I received one morning when I stepped on a bus and my bottles of wine which I had collected before work clanked noisily, interrupting their newspaper-reading. On the food front, fish is usually excellent. There are several dozen varieties of herring dish, ranging from pickled to putrid, and many of these appear at the breakfast table.

Before I left, I decided to look up my favourite view. From Mosebacke, high up on Södermalm, you can look out over Gamla Stan and watch the ferries slide across the water to lush green Djurgarden. Mosebacke is a sad place in winter, its gates chained shut, the terrace lightly frosted. But on a summer evening you can sit out, overlooking Stockholm as the hot air balloons drift above the city and couples on the brink of middle age dance in time to an old-fashioned band; far below, the Finland ferry slips slowly through the islands towards Helsinki.

■ *Sara Webb flew to Stockholm with British Airways. She stayed at the Reisen Hotel in Gamla Stan, where some rooms are equipped with saunas.*

■ *A single room at the Reisen costs SKr 730 (about £70) if you take the weekend rate, SKr 960 for a double. Take the airport bus to and from the central station (£5 each way and often as fast as a taxi). Meals range from about SKr 60 for lunchtime snacks to about SKr 300 for a two-course evening meal (including alcohol).*

French frolics

FRANCE seems set for a bumper touristic year, writes Michael Thompson-Noel, so haul yourself round to your travel agent before Gulf war and the ravages of recession bring the prospect of a flood of bookings for Channel crossings any closer.

A vast array of companies handle holidays in France. One whose services I sampled recently (Hawks & Handsaws, Feb 9) was French Expressions (tel: 071-794-1480), which arranged a jolly jaunt for me to the Auberge du Moulin de Mombreux, east of Boulogne, in the form of a two-night "romantic gourmet break" (£229 per person) that included the Sealink ferry crossing (Dover-Calais), accommodation, two dinners, breakfasts — plus flowers, chocolates and a bottle of champagne. Things went swingingly. Without the trappings, the price is from £177 per person.

Marcelle Hoff, a French Expressions director, says that cross-Channel ferry capacity has been boosted and upgraded this year, but stresses that peak-period bookings, especially for people with children, should be made as soon as possible.

The company's brochure covers short breaks and other holidays by car to hotels of character throughout France and Belgium, and also parts of Italy. It also offers a variety of special interest breaks including golf packages (eg: three nights' dinner, bed and breakfast at the aforementioned Moulin de Mombreux at Lumbres plus three rounds of golf, two at Le Touquet, one at Hardelot, from £349 per person — single room and Hoverspeed supplements on request); battlefield visits, and cookery and gastronomic weekends and short breaks.

Never, in my life, have I had a telephone call to the French government tourist office in London answered; nor do I know anyone who has. If you have unlimited spare time, the number is 071-491-7622 and the fax 071-493-6594. Far better, write to the tourist office at 178 Piccadilly, London W1V OAL, and ask for a copy of its excellent *Traveller in France Reference Guide 1991*. It is free, but they want 80p in stamps for p&p.

The guide offers extensive and exemplary information, lists carriers to France and main British tour operators (nearly 300), and is packed with telephone numbers, addresses, dates, hints and guides to picking a package.

Among the many companies that organise arts tours is Page & Moy (tel: 0533-552521) whose cultured brochure includes four nights at the Hotel Windsor in Nice (for the Nice and Monte Carlo operas, £350-£445 per person) and four nights in Paris (opera, ballet, museums, what have you, £415-£515 per person). The brochure also takes in Austria, Czechoslovakia, Denmark, Ireland, Germany, Italy, Norway, the US and UK (eg: four or five nights at the Malvern festival, Worcestershire: Abbey Hotel, with the daytime given to tours of Elgar and Shaw country, £335-£425 per person).

If you want to economise or tend to air-sickness, find out about coach travel. For example, Eurolines (tel: 0582-404511) has departures from London (with connections throughout the UK) to a host of continental destinations, including Paris (travelling time approx nine hours, £27 adult single, £47 return), Amsterdam (£26/£46), Brussels (£25/£43), Dublin (£24/£37), Geneva (£47/£83), Athens (£83/£147), Rome (£79/£126), Berlin (£52/£92), etc.

Eurolines also offers extremely cheap short-break deals (one night Paris, from £56, incl accommodations and coach travel) and a series of round-trip tickets (eg: London-Paris and then on to Brussels or Amsterdam, staying as you wish, from £55; or a night in Dublin from £68).

Ices and caviar, going cheap

***Tim Burt** profits — furtively — from Leningrad's black market*

THE WOMAN in the fur hat looked nervous. She made sure no policemen were watching and then handed me the caviar. "Put it in your pocket," she said. "Nobody should see us do business." I gave her the roubles; she counted them; we parted with heads bent against the Arctic wind.

The transaction took 30 seconds. She made a profit and I saved £40 on the London price for sturgeon's eggs. It was one of many bargains available on the icy steps of Finlandski Station, the railway terminus where Lenin first arrived in Petrograd. If the Bolshevik leader arrived there today someone would probably try selling him a fur hat, a military watch or an overcoat.

A statue of the great man, marking the spot where he stood on an armoured car and exhorted the citizens to revolution, faces away from the station. The black market traders indulge in capitalism literally behind Lenin's back.

Meanwhile, the city spread out in front of him has become one of the Soviet Union's most popular tourist destinations. But the attraction of Leningrad owes little to communism. The city's pulling power is based firmly on its reputation as the capital of imperial Russia.

Visitors do not come to enjoy the Soviet system; they come to see the remnants of old St Petersburg: the baroque palaces, gold-domed churches and the theatres built before 1917.

None of this would have pleased Lenin. And his statue outside Finlandski Station appears to be waving its fist at the main object of his hatred: the Winter Palace, home of the tsars and the city's most visited site.

The monument to Lenin is separated from the palace by the Neva river, the freezing waterway that flows through the city and around the 101 islands on which it is built. Lenin shares the left bank of the Neva with the cruiser *Aurora*, the warship that fired its guns to signal the start of the October revolution.

The Winter Palace is on the opposite bank together with St Issac's cathedral, one of the world's largest, and the Alexander column, a single block of granite fashioned into a 150ft-high tower to celebrate the defeat of Napoleon.

In 1917 the Winter Palace was stormed by angry citizens. Today, city residents form an orderly queue to get in. The grand hallway used originally by Catherine the Great now houses ticket counters where visitors pay for admission.

The palace, known as the Hermitage, boasts one of the world's greatest art collections. The royal picture gallery started by Empress Catherine has become a stunning museum with 2.7m works or art. Shuffling groups of visitors — some with the weathered faces and rural dress of Trans-Caucasia, others in the sneakers and Levis of the West — glance briefly at paintings by Matisse, Cézanne, Van Gogh, Picasso, Gaugin, Raphael, El Greco, Rembrandt, da Vinci, Michelangelo, etc.

But many visitors spend as much time looking at the decor as the exhibition. The tsars had a penchant for gilt doors and painted ceilings; they also ordered crystal chandeliers and heavy furniture in bulk.

The dowdy museum officials stationed in every room provide a sharp contrast to all this opulence. Thick-set ladies wrapped in shawls and woolly stockings scrutinise the visitors and growl at anyone who dares run a hand over the invaluable items. Sitting on hard chairs in their well-worn clothes, they are as out of place in the Winter Palace as the recently-installed neon lighting.

Hello . . . goodbye: black market traders indulge in capitalism when Lenin's back is turned

During their lunch breaks, some officials leave the museum and hurry across Palace Square into Nevskij Prospekt, Leningrad's main shopping street. They are rushing for ice cream. It may be several degrees below freezing but there is always a queue outside the ice cream shops.

Soon, the officials may not be able to afford all the ices they want, for the latest measures aimed at bringing the Soviet economy under control are expected to involve stiffly increased prices. Everything from ice cream to caviar will become more expensive. Many restaurants frequented by tourists are already reluctant to accept payment in roubles.

The *Kafe Literaturni*, one of the most exclusive in the city, was recently offering a five-course meal with wine for around 30 roubles — about $16 at the government-quoted exchange rate. Diners paying in hard currency, however, could have their fill for about $5.

The demand for hard currency has sent the black market exchange rate spiralling. Taxi drivers regard themselves as mobile *bureaux de change* offering tourists a 10-1 deal for their dollars. Even the state-owned hotels and airport banks have set exchange rates way beyond government levels at around five roubles to the dollar.

Tourists are thus regarded as walking gold mines. With a wallet full of dollars you may live like a king. If you risk changing money on the black market, Leningrad suddenly becomes one of the cheapest cities in the world. Money dealers on the street have been known to offer up to 70 roubles for a dollar. Such rates make a nonsense of prices.

Playing the black market can also be costly. You may be arrested by plain clothes policemen or have your money confiscated by customs officials. The authorities, seeking to crack down on the shadow economy, demand itemised receipts of purchases made in the Soviet Union. But no black market trader selling caviar is going to put his name to a deal which undercuts official prices by 100 per cent.

Without a receipt you may be in trouble. The starkly-worded customs declaration warns: "Persons giving false information shall render themselves liable under laws of the USSR."

It is better to get rid of your roubles on a spending spree around the city's restaurants and theatres. Even at the legal exchange rates offered by hotels, a seat for the spectacular Theatre of Modern Ballet works out at 72 cents. A ticket to The Hermitage costs 27 cents.

But it is often only independent travellers who take advantage of their spending power. Tour groups tend to buy souvenirs at expensive hotel shops and pay for their excursions in hard currency. In a bizarre parody of the Soviets queuing for basic goods, western visitors queue each morning in their hotels to exchange their pounds and dollars for organised tours.

Intourist, for example, will book a seat at the Kirov Ballet for between $30 and $50. At the box office the same seat is sold for a few roubles. Similarly, excursions to the summer palaces at Pavlosk and Pushkin are pricey if you book them in hotels. It costs a few kopeks by public transport.

Leningrad's most reliable public transport — the metro — is also one of its best attractions. Though not on the same scale as its Moscow counterpart, the Leningrad metro boasts similar stations lit by chandeliers and decorated in marble. The five kopek fare — 0.9 cents — allows you to travel anywhere from Komsomolskaja at one end of the system to Prospekt Veteranov at the other.

These outlying stations serve modern and depressing suburbs where the grand architecture of the city centre gives way to grey apartment blocks and rutted sidewalks. Dirty snow is piled up at streets corners where it freezes each night into a black crust.

■ *Tim Burt travelled c/o British Airways (London, tel: 081-897 4000) and Intourist, the Soviet state tour agency (London: 071-538 3202).*

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Portrait of an action painter

WHAT DO you see, in your mind's eye, when I intone the following names – Pollock, Rothko, Kline, De Kooning . . . ? In one case perhaps an image of paint dripping riotously all over the canvas; in another, great thick solitary bars of colour floating majestically in space like chords at the beginning of a symphony. Now let's try again – Guston. *Who?* Guston, Philip Guston. This time I've drawn a blank, and the fault, dear Brutus, lies in ourselves. There was a big Guston retrospective exhibition in London at the Whitechapel Gallery in 1982 and there have been other opportunities to see his paintings in Britain since then. Not all that many, admittedly, but some.

Guston was a friend and colleague of the artists mentioned above. He was just as important a stylistic innovator as any of them. At one time he was known as an abstract expressionist and as an action painter, though he was never entirely happy about those labels. His daughter, Musa Mayer, in this memoir of him, *Night Studio*, recreates some of the heady atmosphere, the nocturnal alcoholic discourse in the Cedar Street Tavern, Woodstock – *the town housed an* artists' colony long before it became a pop festival venue – when the rationale of those styles was being hammered out.

There is a fine example of Guston's painting in his abstract mode to be seen in the Museum of Modern Art, New York. It is called "The Clock" and dates from 1956. The work is a rich mosaic of orange, red, green and black; broken fragments of pigment seem blown together in a way which – without the aid of the painting's title – one would not connect with any kind of timepiece. Or, as the official guide puts it: "In this picture his loaded and slow-moving brushstrokes *suspend and visibly* prolong the painting gesture, creating strongly felt abstract metaphors for doubt and resolution, disquiet and calm, through sensitive elaboration of the forms."

If Guston had continued for the rest of his career visibly to prolong his slowly moving brush-strokes, he might be much better known in the UK than he is and his investment-rating in the US might have been much higher than it was. But he didn't. He became bored with that way of painting, or rather, put less crudely, it no longer responded to what he felt about the world. After his retrospective exhibition at the Guggenheim Museum in 1962, Guston went through a prolonged crisis during which he totally deconstructed his style.

Then, at the beginning of the 1970s, Guston began to show paintings that seemed to derive from the journalistic strip-cartoon technique he had mastered when he was a penniless art-student migrating from the Jewish quarter of Montreal – the family name was Goldstein – to the New York of the Depression. In the period of New Deal which followed Guston was fortunate, along with other artists who later achieved eminence, to find a job as a painter with WPA (Works Progress Administration). The assignments consisted of devising communal paintings for public buildings with titles like "Work the American Way". Guston and his fellow-artists followed in the steps of the great Mexican mural painters. He and his friend Reuben Kadish actually worked on murals in Mexico.

Guston's final style had elements in it of both the cartoon-frames and the large-scale murals. It consisted of boldly drawn images referring to things "out there" in the real

NIGHT STUDIO: A MEMOIR OF PHILIP GUSTON
by Musa Mayer
Thames & Hudson £8.95, 257 pages (paperback)

world, but in an ironic Popeye-film, black-and-white manner. Chief among these images was the big hood with two slits for eyeholes of the Klu Klux Klansman; other continually recurring images are clenched male fists; open hands; cigar-stubbs alight with smoke curling; coffee-mugs; metal joints and rivets; dials; hobnail boots. The paintings which showed these objects all contained a hidden scenario of menace and violence which the spectator spells out for himself from his own anxieties.

When they were first shown the New York art critics were very dismissive of them, including Robert Hughes who omits his reviews of Guston *from his recently published* collection. "As political statements they [Guston's paintings] are as simple-minded as the bigotry they denounce," he wrote in *Time*. The only exception was Harold Rosenberg in *The New Yorker* who saw the point of Guston's new manner immediately. He likened the ambience of one painting to Dashiell Hammett's *Red Harvest*. "Put simply," said Rosenberg in an article called "Liberation from Detachment", "Action painting is not *about* anything, while Guston's present paintings are. The 'scandal' is not that this leading Abstract Impressionist has introduced narration and social comment but that he has done his utmost to make the problems of painting seem secondary".

It was not until the retrospective exhibition in San Francisco in 1980, the year of the painter's death, that universal acceptance finally came. In this book we see Guston's two faces. His public face as a man of aggressive talent, and talmudic discipline, who was driven willy-nilly into unfashionableness by his own integrity. But *Night Studio* also adds the private face vividly and candidly sketched by his only child: a face that is self-torturing, insecure with other people, monumentally inconsiderate within the family, insomniac, in-drawn. Later, in adult life Mrs Mayer broke away from the domination of her father and became the mother of two boys and, professionally, a counsellor of disturbed people.

Mrs Mayer gives us a tender portrait of her mother, also called Musa and a gifted painter in her youth. She had no doubt from the start whose career had to take top priority. The utter demandingness of the genius in their midst is what comes across most emphatically. For days on end Guston would not be seen in the family house in Woodstock except at occasional meals. He would be wrestling with his angel in his own separate studio. Then he would disappear even more completely for long periods to New York.

One of Guston's friends was the novelist Philip Roth. Mrs Mayer suggests Roth drew on her father for the character of Lonoff in *The Ghost Writer* (much more than he did, say, on the writer I.B. Singer). Mrs Mayer once made the mistake of asking her father what he thought of one of *her* paintings. She never asked him again. All fathers are geniuses to their baby daughters; and when they start to grow up all daughters desperately want their fathers' praise. In these respects Mrs Mayer's childhood was not perhaps quite so unique as she imagines; but when father is also a genius in the eyes of the world, *it certainly* gives another turn to the screw.

Anthony Curtis

A gargantuan exhibition called "Mexico, Splendors of Thirty Centuries" has been the highlight of the winter season at New York's Metropolitan Museum, bringing together 350 paintings, sculptures and objects ranging from *the Pre-Columbian period to this century.*

To coincide with the exhibition the Museum has published a sumptuous volume, with every exhibit in colour and with a substantial foreword by Octavio Paz. Seen here is "Sailor at Lunch" by Diego Rivera.

(Mexico: Splendors of Thirty Centuries – Little, Brown & Company £45, 712 pages.)

Unjust deserts

J.D.F. Jones is left adrift in the Middle East

THE TIMING could hardly have been better. Here is our most distinguished scholar of the Middle East, now in the full wisdom of his years, and never *could* we have been more ready to attend his insights since we are (almost) all of us so ignorant of Arab history. Dr Hourani writes of "the Arabic-speaking parts of the Islamic world" – a careful definition which of course excludes Persia. (Has the deep and ancient mutual antipathy between Iran and the Arabs been adequately conveyed on our television screens in recent weeks?). It is a volume, he modestly protests, intended for students *beginning* to study the subject and "general readers [that's us] who wish to learn something about it." Not, it is clear, a book for the scholar, the specialist, the Middle East correspondents, nor even, I trust, Kate Adie.

Since the professor has descended from the ivory tower it is permissible to ask whether or not his new book will help us in our efforts to understand what on earth is going on in the Middle East. This approach to a work of mature scholarship is of course unfair, and I apologise to Dr Hourani for playing the fool. No-one admires his *The Emergence of the Modern Middle East* more than I. But in casting pebbles at this panoramic survey – from Muhammad to Saddam in 450 pages! – I am querying not so much whether his historical analysis is profound and balanced as whether (a wholly different matter) his "*general reader*" is *going* to be engaged and satisfied.

It's a not unusual problem: the span has been set too wide, with the result that the detail on any particular section turns out to be inadequate to the reader's needs. For example: the 1914-18 war gets a mere page or two; the Sykes-Picot

THE HISTORY OF THE ARAB PEOPLES
by Albert Hourani
Faber & Faber £25, 551 pages

Agreement has just one reference in the index, the Baghdad Pact has two; there are a couple of pages on the Suez crisis and a single index reference to Michel Aflaq, founder of the Ba'th Party (some of us generalists would have liked to remind ourselves about Aflaq).

That is no fault of Dr Hourani. He has evidently been required to devote hundreds of pages to earlier centuries, to which he gives judicious summaries of the political, social and economic histories of the respective periods. Much of this, I must in honesty record, is as soporific as a bottle of Château Musar.

His story flickers to life in 1918, or rather with the 1923 Treaty of Lausanne which marked the final end of the Ottoman Empire. Here is T.E.Lawrence: "I meant to make a new nation, to restore a lost influence." Hourani's comment is at the *same time* wise and absolutely typical and oh-so-restrained: "whether anything was actually promised, and if so what, and whether the *sharif*'s revolt played a significant part in the allied victory, are matters in dispute, but what is clear is that for the first time the claim that those who spoke Arabic constituted a nation and should have a state had been to some extent accepted by a great power."

There it is: we move on at once to Morocco. A few pages later and we have a tantalising reference to the subsequent period where the "Islamic" element in Arab affairs remained subordinate to the preoccupations with the Third World, Arab unity and socialism. A handful of pages and that's that: it would have been helpful to know more about Islamic fundamentalism's capacity at this time to promise its momentum of recent years.

This is a long book, long awaited, which is infuriating in its paradoxical and inevitable brevity. Surely Dr Hourani wasn't trying at this point in his life to write a textbook. So what, and whom, is this *for*?

Hannibal unfathomed

"ABSOLUTE DRIVEL". That was how Hannibal himself described one ancient academic analysis of his own campaigns, and it is a caution to those who would again attempt to read the Carthaginian general's mind. Where scholars are cautious, however, soldiers weigh in. So it is that Nigel Bagnall, a former chief of staff in the British Army, has had a crack at the Punic Wars.

The result is a narrative thrown together from several sources in translation, and peppered with the occasional modern parallel (though banal comparisons between Hannibal and Rommel are wisely eschewed). To this is appended a chapter of opinions on the threat still posed to the West by the Soviet Union. Just as Cato wagged an octogenarian finger at the Roman Senate, warning Rome not to relax military vigilance until Carthage had been erased, so the retired field marshal tells us not to trust the overtures of comrade Gorbachev. Whether the logic of his history lesson ultimately *demands* that we flatten Moscow is not made clear.

Bagnall's story of the 116 year long struggle between Rome and Carthage is indeed informed with strategic insight, but badly limited by the evidence dependent on Penguin Classics. In the original accounts of the wars by Livy, Polybius and others, there are many ambiguities

THE PUNIC WARS
by Nigel Bagnall
Hutchinson £19.99, 354 pages

which required discussion. Bagnall's narrative is also polluted by some basic errors: a nice malapropism conflates old *Etruria with modern Tuscany*, yielding "Etruscany"; a hitherto unknown Italian tribe, the "Samanites" keeps appearing; and the Palatine multiplies into a range of hills. This sort of error might be pardonable, if the reader were being properly enlightened on the real vicissitudes of the Punic actions. But a primarily strategic analysis makes little sense. Hannibal was strategically outstanding, and he lost. One can retrospectively ponder the possibilities of his success at this or that stage of the campaign; but the fact remains that Hannibal's superior strategy failed to break Rome. To explain that requires many more social and political impingements than Bagnall admits.

How far the Punic Wars relate to western policy towards the Soviet Union is arguable. The linkage proposed here is not strong. Readers will be wondering if the west should play Carthage or Rome in this game; and many of the author's distributed opinions, e.g., concerning misguided *expenditure on the Royal* Navy, bear no stated or implied relation to the Punic conflict at all. We are left to understand that the levels of British defence expenditure must be maintained. This may be a vital message, but Hannibal is the wrong person to carry it.

Nigel Spivey

Love put into words

WHY DO adolescents of all ages keep journals? Recording feelings, conflicts, desires, without inhibition or translation, no-one to answer back, helps break the spell of the adult world: "Dear Diary" – the one safe resort in which the secret self can muse, sorrow, rebel and play. Thus the 20 year-old Elizabeth Smart confided in 1933 the common fear that hers might "be seen and the final, damning, judgment pronounced. I hate anything to be known or judged before I have finished it complete and satisfactory."

Though less prolific, Smart was as intense and unique as Woolf, de Beauvoir or Plath in articulating the predicament of so many artistic women. Towards the end of these earlier journals in December 1939 she felt: "the thing I want to say is the thing never said but always done, the saying invariably abandoned for the being . . . the simple fact of being a woman overpowered by voices of blood each time she *rises to speak*", with a love that blinds "her eyes and her heart with images of unborn babies."

Smart by nature and background as well as name, she was born to successful upper-class parents in Ottawa, privately educated and groomed to become an establishment socialite like her mother. When she fell ill at eleven she started her journals, usually late at night propped up *in bed, and* the habit stuck. Love of music brought her to London in 1933, but she gradually discovered her innermost quest to write and live at a deeper level than the globetrotting, champagne-swigging flappers' circuit imposed by her family. "Most of my world's not real," she laments in 1936, " – the real bits are rare and brief."

But inner reality was forging itself in the smithy of her soul. According to George Barker, *By Grand Central Station I Sat Down and Wept* – first published in 1945 and now reissued (Paladin £3.99) – is "a scream from the ovaries." It's rather, as Smart put it in her poem "*What is art?*", an *extended* expression of "the passion/one word has for another." She had come across some of Barker's poems and fallen in love with "the complete juicy sound that runs bubbles over, that intoxicates till I can hardly follow (the recurring lines of Daedalus: 'the moist palm of my hand like handled fear like fear cramping my hand.' OO the a - a - a!)" That was in 1939, when she also noted that he "grows into a long dangerous image and is woven among the undertones."

Lawrence Durrell had given her Barker's address, she'd purchased a manuscript, and the months that follow show her moving from entries about external events to a more meditative plane: "If I had wit to remember that my present

NECESSARY SECRETS: THE JOURNALS OF ELIZABETH SMART
edited by Alice Van Wart
Grafton Books £14.99, 320 pages

numbness comes expressly from my too intense love, all would be proved. But logic is not love's pageboy." The following spring she writes, "If George Barker should appear now I would eat him up with eagerness." Three months later (July 1940) she did meet him, and love grew, to be woven into the overtones. Some of the last entries here are early drafts of *Grand Central*, the rhapsodic prose song of their stormy, painful and unending affair. She finished the book in the summer of 1941 just before giving birth to the first of her four children by the poet. The spirit had made flesh, the flesh remade word: "I lay down on the redwood needles and seemed to flow down the canyon with the thunder and confusion of the stream, in a happiness which, like birth, can afford to ignore the blood and the tearing. For nature has no time for mourning, absorbed by the turning world."

Alice Van Wart says she has edited this phase of the journals down to less than a third of the original, and one certainly gets an orderly sense of the gestation delivered in *Grand Central*. It's a pity, however, that all Smart's juvenilia, quotations, sketches, drawings and especially – since she later published two collections of powerful, idiosyncratic verses – all her poems, have been excluded.

The initial cult following and subsequent celebrity of *Grand Central* has unjustly overshadowed the parallel work of Smart's maturity, *The Assumption of the Rogues & Rascals*, also reissued now 13 years after it first appeared (Paladin £3.99, 112 pages). It opens where "in the wastes of Kensington, the mean mad faces pass like derelict paper bags. The foolish dogs waddle and trot about, unaware of how indelicately they expose the regrets and longings of their owners." Later "The rogues and rascals wiggle their bums in the sky. They cadge and cheat. But there is still enough love. It flows back faster than they squander it, and as regular as the *managing director's* salary."

And here too, some of the early journals are fastidiously reworked. In her youth she rejoiced in "The playful night. The hug's arrow. I see love is the second most searched for after the first cruel thrusting forth. I can only live in its warm envelope, expanding, breathing . . . more blessed than the embryo for it knows its own bliss." At the close in *Rogues & Rascals* she reflects: "After being knocked out on the battlefield of love? of passion? – never mind now), I lay a long time like Lazarus, waiting for Jesus to come and tell me to get up. He may have come. Or he may not. Or he may have *come* and *I have* moved to another address." In these books the soul of Elizabeth Smart rises again to speak out the things never said.

Inge Elsa Laird

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Fiction

Of spies, Nazis and morgue humour

AMOS OZ has long enjoyed a reputation as Israel's most distinguished novelist, a man who hobnobs with prime ministers and is generally considered to have his finger on the pulse of the nation. When he speaks, Israelis listen, to the extent that 10,000 of them went out and bought *To Know a Woman* on the first day of publication in Hebrew. Now here it is in English, ably translated by Nicholas de Lange, and we can see for ourselves what the book is all about.

Yoel Ravid is the hero, a senior Mossad agent, destined for higher things, whose life has been turned upside down by the death of his wife in a sudden and totally avoidable accident. Rather than continue with his job, he opts for early retirement instead, moving house and setting up afresh in a conscious attempt to try and pull himself together. He takes mother, mother-in-law and teenage daughter with him, gathering them around him in Ramat Lotan as he looks back over his life, remembering his wife as she was, remembering other women too, brooding over what might have been, trying to make sense of it all.

And that, more or less, is it. Not a lot happens in the novel. Mossad invite Yoel back for one last job – he declines; the person who takes his place is killed – but the book is not about Mossad, not about anything much except the bleak philosophising of a man who has seen it all and doesn't particularly like what he saw. It is an interior novel, written with Oz's customary attention to detail, but a little dull sometimes, too concerned perhaps with inner musing at the expense of pace and plot. Oz fans will undoubtedly enjoy it; those who like a lot of action in a book might do better to try elsewhere.

Still on a Jewish theme, Irene Dische's first novel *Pious Secrets* has already sold an astonishing 60,000 copies in Germany – astonishing not least because the author is not even German at all, but an American of Austrian-Jewish descent. She has evidently hit a nerve though, with an offbeat and mildly humorous story of the late Herr Hitler, alive and well and living in America in the 1950s, under the alias Carl Bauer.

At least, his granddaughter thinks he's Hitler. His wife's initials are E.B. after *all*, and although Carl is a staunchly Catholic American, he bears a passing resemblance to the Führer and can't stand his Jewish son-in-law. His daughter meanwhile works at the New York city morgue, where she has an affair with a colleague and shows Carl's granddaughter what a human heart looks like. Irene Dische's own mother performed autopsies at the morgue, so we must presume the author knows what she's talking about here.

It's a whimsical story, a slightly weird blend of Nazism, Catholic abstraction and morgue humour, if there is such a thing. The plot does not stand up to scrutiny, but is not meant to. The author's sense of the absurd is engaging enough, if a little eccentric. Quite why the novel has gone down so well in Germany however must remain a mystery, although books with Hitler on the cover usually *sell* pretty well – in other countries, if not always in his own.

Gert Hofmann's *Before the Rainy Season*, translated from the German by Edna McCown, tells the story of an elderly gentleman named Uncle, who left the Fatherland rather hurriedly in 1947 and has been living in the Bolivian rain forest ever since. He is visited there in 1968 by a young man, perhaps his nephew, who has come to tell him it is okay to return home now.

So far so predictable, you might think, except that Uncle has retired to Bolivia for none of the usual reasons, indeed for no reason at all that is immediately apparent. There are rumours about him certainly, but they are not substantiated, and nothing in the rain forest is what it seems. The action of the novel takes place during the two days preceding the funeral of Uncle's murdered brother, whose body is lying in state in the hacienda. In this and other respects it reads a bit like *Chronicle of a Death Foretold*, except that Hofmann's prose is nothing like as spare as Marquez's.

TO KNOW A WOMAN
by Amos Oz
Chatto & Windus £13.99, 265 pages

PIOUS SECRETS
by Irene Dische
Bloomsbury £14.99, 147 pages

BEFORE THE RAINY SEASON
by Gert Hofmann
Secker & Warburg £13.99, 346 pages

LIFE OF A DRUM
by Carlo Gebler
Hamish Hamilton £13.99, 173 pages

What is born a drum is beaten till death, according to the protagonist of Carlo Gebler's *Life of a Drum*, and life as lived by Catherine Janowski, née Baring, is certainly nothing to write home about. She is drifting along in London, scratching a living as a clerk typist, when she is offered £2,000 to marry a Pole she has never met and so provide him with British citizenship.

She refuses the money, but agrees to the marriage anyway and sets up home with him, even though he is a small-time crook and petty thief. All goes well until he dies of a brain haemorrhage, leaving her so heavily in debt that she can't even afford to cremate him. She borrows the money from a former boyfriend, finds a new man, eventually achieves happiness of a sort – but one takes the author's point that life as a drum is never going to be a barrel of laughs.

Nicholas Best

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Fashion shots to turn heads

***William Packer** admires two photography exhibitions at the V&A and the Barbican*

THERE IS nothing like a fashion photograph in an old magazine for giving one pause, and an exhibition devoted to them is irresistible. *Appearances*, now filling the 20th Century Gallery of the Victoria & Albert Museum (until April 28) is just such a treat, but an equivocal and teasing treat for all that. It marks the publication of what is literally the book of the exhibition, by Martin Harrison (Jonathan Cape: 312 pp: £35 until May 31, £40 thereafter), which carries every image shown and more besides. Subtitle of book and show alike is *Fashion Photography since 1945*, the declared intention to offer the definitive study of the subject.

The book is indeed beautiful and the show well chosen to represent its full scope, but together they raise rather more questions than they answer. The problems are of attitudes and assumptions, vaunted claims and over-seriousness, all born perhaps of the excited, febrile world that supplies the subject-matter and the medium's own insecurities. Certainly the fashion world takes itself as seriously as its memory is short.

Martin Harrison's premise is that fashion photography as a peculiar discipline has been transformed utterly since the Second World War. Plus ça change... it would be nearer the truth to say that it has simply taken full advantage of the wider opportunities afforded in that time, through technical developments in printing, and the growth of mass publishing. Fashion photographers have been pointing their cameras at pretty girls ever since the first fashion model swung her hips, pursed her lips and turned her head just so. If we see more of the naughty bits than once we did in respectable family magazines, it is the magazines, and the family, that have changed, not the photographers. It is one thing to take a convenient starting point, quite another to claim it as the beginning of history.

An introductory nod is made to some pre-war stars, such Baron de Meyer, Hoyningen-Huene and Edward Steichen, but there is nothing of the under-rated Toni Frissell, and nothing of Man Ray and his radical experiments. It so happens that a touring exhibition of Man Ray's work as a fashion photographer in the 1920s and 30s, principally for Harpers Bazaar, is now at the Barbican (until April 21: sponsored by The Chase Manhattan Corporation and Hearst Magazines). Though spread too thinly through the upper galleries, Man Ray's surrealist and constructivist engagement in his work is made very plain, and his influence manifest in the later work of such as Avedon, Blumenfeld and Penn.

As for the British contribution, it is one of fashion photography's enduring myths that at a moment sometime between the Lady Chatterly Trial and the Beatles' first LP, it suffered a dramatic sea-change and renewal. Young David Bailey met Jean Shrimpton, first among her equals in a clutch, if that is the collective noun we want, of beautiful young models, and suddenly fashion was out of the hot-house and into the street.

In truth it had all been done long before, but then the whole point of a myth is that it should not be new. Harrison seems to accept it, saying that "before 1960 there were only two (British) fashion photographers of any significance, Cecil Beaton and Norman Parkinson", but he does then discuss the 1950s, mentioning Clifford Coffin and John French, Bill Brandt and Anthony Armstrong-Jones, if not Henry Clarke. If those young photographers and their beautiful girls of the early 1960s should have seemed to be bringing in a new and golden age, might it not have been that the perspectives of youth are necessarily low, narrow and short?

Fashion photography is a technical discipline serving its particular commercial market through the publicity afforded by the fashion magazines. Who leads and who is led is a moot point, for such publicity is in the editor's gift, while photographer, fashion designer and editor alike are constantly testing themselves and public taste and tolerance at large to see just how much they all can stand.

But none of this has any bearing on the quality of the photographs as photographs. Harrison tells of an editor agonising over a brilliant image of a dreadful frock, and no doubt all three parties were delighted at her final decision to publish.

Good fashion photographers are simply good photographers, and it is not by chance that so many of the best of them come to it marked by wider experience. The images they create are here to be savoured for what they are.

One of Man Ray's portraits at the exhibition devoted to him at the Barbican gallery

Czech music after the revolution

*Prague is paying the price for years of artistic stagnation, says **Andrew Clark***

THE PRAGUE production of Martinu's opera *The Miracle of Our Lady* offers some insight into the current health of Czechoslovakia's music institutions. On the surface, all is well. The programming of a work with a religious theme would simply not have been possible 18 months ago, because of the political censorship exercised by the Communists. The performance is reasonably well attended. Seat prices have not yet begun to reflect the rocketing inflation elsewhere. Despite the trimming of state funds for culture, the National Theatre can still offer more than ten opera performances each week at its two main venues, and the axe has not yet fallen on any other major state-funded ensemble.

Beneath the surface, however, the picture is gloomy. The renewal promised by the revolution has not yet filtered through to working conditions or artistic horizons. The country is paying the price for years of artistic stagnation. Talent, ideas and leadership are in short supply. The Martinu performance said it all. Many in the cast looked and sounded as if retirement was long overdue, and the principal soprano sang permanently flat in the second half. The rhythmic precision so essential to Martinu's orchestral and choral writing was missing. The staging reduced the characters to caricature and wallowed in flimsy cardboard decor and primitive choreography.

The performance did scant justice to a work that aims to celebrate the virtues of Czech culture. But this was not just a bad night. The National Theatre finds itself with a huge payroll, very little money and no political clout. It still acts like a tool of Communist social policy – a monolithic institution providing secure employment and churning out performances of dubious artistic quality. But the craze for democracy has watered down the executive authority of its directors. Plans to split the company's two opera ensembles, which would mean tearing up all the old contracts and re-engaging only those who could play a useful role, have been repeatedly postponed. Instead, the management seems obsessed by foreign tour contracts, which will do little for the company's international reputation, but bring in precious foreign currency.

In the past 15 years there have been few openings for new talent, and no injection of ideas from outside. Instead of flowering in the new atmosphere of freedom, however, musical life has begun to contract: it no longer enjoys privileged status as an arm of the state. Government economies are threatening the country's long-established network of regional orchestras and opera companies. Even prestige one-off projects like Prague's Mozart bicentenary festival in the autumn are on an unpredictable footing, with no contracts yet issued.

There is a growing fear that Czechoslovakia will suffer the same drain of musical talent to foreign parts that took place in the 18th and 19th centuries. The Czech Philharmonic Orchestra, the country's premier ensemble, recently lost two key employees to well-paid jobs in Germany. The most promising younger singers, such as the lyric tenor Stefan Margita, have signed contracts in Vienna, Stuttgart or other German-language theatres.

Faced with a rapidly emptying cupboard at home, Czech music promoters seem happy to engage any western singer, conductor or instrumental soloist willing to work in Czechoslovakia, even if they are of mediocre talent. The Slovak Philharmonic Orchestra, for example, has appointed the Italian conductor Aldo Ceccato as its music director. The British conductors Douglas Bostock and Adrian Leaper, who have made little or no impact at home, both have thriving careers with Czechoslovak orchestras. A young Czech emigre who claimed to have worked with the late Jean-Pierre Ponnelle was recently appointed director of Prague's Smetana Theatre, in preference to better-known local faces. An unknown Austrian producer was hired at considerable expense for the National Theatre's new staging of *Rusalka*. Gustav Kuhn, whose career has ground to a halt in western Europe, has been engaged to conduct the prestigious opening concert at this year's Prague Spring Festival. The Czechs simply cannot afford established names. What they really need are the services of sympathetic big-name artists who are willing to come for limited spells and a smaller fee.

Czech emigres are leading the way: the Vienna-based conductor Martin Turnovsky showed what is possible during his recent concerts with orchestras in Brno, Pilsen and Prague, his first in Czechoslovakia for 20 years. At a stroke he transformed morale and playing standards. His programme of Dvorak, Debussy and Stravinsky with the Prague Symphony Orchestra had all the virtues of old-world music-making – cleanly-sculpted performances, free of idiosyncracy or blemish. The warm, integrated sound and unforced musicality which Turnovsky drew from the orchestra are a vital part of the Czech musical heritage: it is a tradition worth preserving.

So, too, is the uncommercialised atmosphere of the Prague Spring Festival, which was bombarded with offers from hard-nosed western marketing companies after the revolution. The festival has instead pulled off Czechoslovakia's first home-grown arts sponsorship deal, with the recently-privatised trading company Motokov. The deal will cover 70 per cent of this year's budget, and in the short-term at least, it should allow the festival to preserve its distinctive Czech character.

A more visible sign of home-grown cultural enterprise is the Prague Chamber Opera's "Best of Mozart" project. The company, run by a group of ambitious but inexperienced young stage directors and singers, has erected a temporary stage underneath the Smetana Museum next to the Charles Bridge. English-language posters splashed around the centre of the city proclaim an evening of "stage clips from W.A.Mozart operas" performed by "the original Prague Mozart Company". With tickets costing three times more than a good seat at the National Theatre, the show is unashamedly pitched towards foreign visitors.

Although it turns out to be little different from a down-market Edinburgh fringe revue – a 15-piece orchestra, non-stop production gags of the bawdy student variety, variable singing and no thread except for Mozart's music – the project is a useful workshop for a generation that rejects the safe, sedate credo of the National Theatre. It gives 50 young people a chance to experiment and make mistakes, with the government picking up two-thirds of the bill. Their next task is *The Fall of the House of Usher* by Philip Glass.

It is a spirited response to the new artistic freedom. But the fundamental problems in Czech musical life remain: rampant inflation, falling audience figures, low morale and the task of revitalising a culture that has been allowed to stagnate. The Czechs realise it will be an uphill struggle. The revolution has begun to recede. Much has changed. Much remains the same.

Detail from 'Byzantine Lady' by Vanessa Bell, c.1911-12, which hangs in the British embassy in Bonn

Paintings that preserve the image of the nation

***Antony Thorncroft** on the art collection which furnishes government offices and embassies*

IN AN unprepossessing civil service office block, facing onto the Bankside power station in south London, Dr Wendy Baron presides over the Government Art Collection. It is one of the largest in the UK, consisting of 16,000 works of art, few of which languish unseen. Around 95 per cent are out on loan, a half decorating the offices of Government Ministers, a half our Embassies and official residencies overseas.

As much as the British Council or the Foreign Office, Dr Baron is responsible for the overseas image of the nation. When an Ambassador, or High Commissioner, makes small talk with a foreign dignatory he, or she, often uses the pictures on the Embassy walls to break the ice. They represent the nation now – and its view of its past.

When an MP finally makes it to Minister it is to Dr Baron that they go to decide on their office decoration. She is currently waiting to hear from the Prime Minister on his plans for 10, Downing Street, which was modelled by Mrs Thatcher on the lines of a small but elegant 18th century villa. Mrs Thatcher took a great interest in the Fund, to the extent that she insisted it bought a picture by Sir Winston Churchill. Later she saw it as important for projecting the national identity.

Like all Government arts organisations the Art Collection struggles on against the financial odds. The maintenance costs of the collection rise remorselessly leaving less than £100,000 a year available for new purchases. Much of Dr Baron's energies are now devoted to conservation. Foreign climates can have a very deleterious effect on art and she has decided against buying any more works on paper. The political climate can be equally hostile – Dr Baron has just lost her first painting in over a decade following damage to the embassy in Mogadishu.

In practical terms the purchase grant has been falling slowly for years while the price of pictures has stormed ahead. Dr Baron can remember when she had the funds to buy works by Auerbach, Kossoff, and Hodgkin during the year, and more of the rising generation of British artists who later commanded international reputations, and prices in excess of £100,000 for each painting.

Now she buys just a handful of pictures and is usually plugging gaps. Ten years ago the Foreign Office decided that Ambassadors could not move their art around with them – it was too damaging and expensive, and there was a growing tendency for them to believe that they actually owned the pictures. Now the aim is to smarten up each Embassy in turn, to reach an ideal, within tighter controls.

Washington, the most important, is currently getting the treatment. The outgoing Ambassador filled two important spaces with his own paintings and Dr Baron now has to find relevant replacements. She bought, at auction, a portrait of the Founder of the American Philosophical Society painted by Robert Edge Pine, an 18th century British artist who also worked in the US – it may not be great art but, with its Anglo American connections, it makes the perfect talking point.

Dr Baron does not always have to be diplomatic in her choices and is at liberty to follow her own judgement. Another recent buy was a triptych by a young artist Harriet Hill that she saw, and loved, at a private view. She has yet to find the perfect spot for it. Usually the pieces fall into place. Lisbon needs some attention; the Portuguese born Paula Rego is regarded as one of the finest contemporary "British" artists and Dr Baron is hoping to buy one or two Regos, but is well aware that they will bite deeply into next year's budget.

In the past Ambassadors and Ministers could raid the national collections for their art, in particular the National Gallery and the Tate. Now there are restrictions on such borrowings. Only 10 (and 11), Downing and Lancaster House can ask for something from the National Gallery and since all its collection is on view to the public its director Neil MacGregor needs some convincing before he agrees.

The Tate has over 70 per cent of its holdings in its vaults, but most of these are on paper. It will lend, but for a maximum period of five years and only if it can spare the work. It has just agreed that the new Minister for the Arts, Tim Renton, can borrow a Peter Blake. Each new Arts Minister feels forced to refurbish the office. Out goes David Mellor's strident John Hoyland; in comes Blake and Howard Hodgkin. But like Ambassadors, Ministers are not now encouraged to move around the Collection. The aim is to let it settle.

There is little great British art in our embassies overseas. Paris has a Turner and Rome a fine collection of Italian masters bequeathed by the wife of a former ambassador. One of the finest paintings is in Athens – Thomas Phillips famous portrait of Lord Byron in Greek dress.

But the quality is improving as Dr Baron's modern purchases make their way overseas. Suddenly there is a greater willingness to promote the Collection. This month the first of a series of illustrated monographs detailing the art on display was published, thanks to sponsorship by Christie's. It covers the Bonn Embassy, and gives a representative glimpse of how the Collection is made to work. The art ranges from 18th century portraits, such as that of the 3rd Duke of Marlborough, who died campaigning in Germany in 1758, to paintings by Paul Nash, Edward Burra and Vanessa Bell. There should be plenty of scope for small talk there.

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Records

Right Russian sounds

BOTH *THE Queen of Spades* and *Onegin* are additions to Sony Classical's "Russian Opera" series and the Bulgarian recordings, made in the Palace of Culture in Sofia in 1988, are definite assets to that catalogue. Predictably they share many of the same strengths and isolated weaknesses, though the *Queen of Spades* is the more consistently cast. In both cases the feeling of real ensemble, of an orchestra and chorus vividly responding to a conductor with genuine theatrical flair is a very positive one; Emil Tchakarov's conducting is not at all spectacular or excitable, but it is fluent, unfailingly sensitive to his singers' nuances, and capable of drawing much refined string playing from the Sofia Festival Orchestra, as well as of minimising Slavonic wobble in the woodwind and brass.

That sense of rightness is felt throughout *The Queen of Spades*, from the crisp drilling of the boys' choir in the opening scene onwards; Tchakarov builds in large-scale paragraphs, and rarely lets the tension slacken even at those moments when Tchaikovsky's dramatic structure starts to sag. He is careful to ensure that all the big set-pieces pick up the necessary momentum. It is an opera that always hinges around the casting of the principal tenor, and Wieslaw Ochman tackles Hermann here with unflinching directness, if not consistent beauty of tone; it is brave, challenging singing and generally comes off well. There is too an enchanting Lisa from Stefka Evstatieva, by no means larger-than-life Countess, Penka Dilova, and a decent enough Tomsky in Ivan Konsulov.

But Yury Mazurok makes a dull Yeletsky, and a duller still Onegin in the other set; his lifeless, boorish performance is the main blot upon that account. Everything else about it is at least intelligent, if sometimes a little over studied – Nicolai Ghiuselev's Gremin, for example – and Tchakarov's feeling for line and expressive shape is even more rewarding here than in *The Queen of Spades*. One can imagine fresher, less mature-sounding Tatyanas than Anna Tomowa-Sintow: the Letter Scene sounds just a little too much like an attempt to remember a first love rather than the thing itself – there's no impulsiveness, no emotional whirl – and certainly a younger Lensky than Nicolai Gedda. But he savours every phrase of his aria in an inimitable way and just often enough comes up with the precise heart-stopping combination of colour and weight that forgives all the moments of unevenness. The Larina (Stefka Popangelova), Olga (Rossitza Troeva-Mircheva) and Filippyevna (Margarita Lilova), new names all to me, are first-rate.

Tchaikovsky: *The Queen of Spades*. Ochman, Konsulov, Mazurok, Dilova, Evstatieva, Toczyska, Bulgarian National Chorus, Sofia Festival Orchestra/Tchakarov. Sony Classical S3K 45720 (three CDs)

Tchaikovsky: *Eugene Onegin*. Popangelova, Tomowa-Sintow, Troeva-Mircheva, Lilova, Mazurok, Gedda, Ghuiselev, Sofia National Opera Chorus, Sofia Festival Orchestra/Tchakarov. Sony Classical S2K 45539 (two CDs)

Musorgsky: *Khovanshchina*. Haugland, Atlantov, Popov, Kocherga, Burchuladze, Lipovsek, Poschner-Klebel, Zednik, Borowska, Gahmlich, Slovak Philharmonic Choir, Vienna Boys' Choir, Vienna State Opera Chorus and Orchestra/Abbado. Deutsche Grammophon 429 758-2 (three CDs).

The Abbado *Khovanshchina*, eagerly awaited, is something of a mixed bag, and does not always carry the blaze of authority reported by those privileged to experience the 1989 Vienna production from which it is derived. This is a live recording, spliced together from several performances in September of that year some months after the triumphant opening and made with a cast significantly different: Aage Haugland sings Ivan Khovansky on disc (it was Ghiaurov at the opening), and Vladimir Popov Golitsin (Maruzin before), while Marjana Lipovsek replaces Ludmilla Shemchuk as Martha. They are all more than adequate, and Lipovsek much more so, but they do not quite match the fervour of Vladimir Atlantov's Andrey, Anatoly Kocherga's Shaklovity (a gripping monologue) or even, despite the characteristic intonation, Paata Burchuladze's Dosifey.

The results, then, are intermittently rather than consistently marvellous. Abbado still achieves the remarkable feat of turning the long argument over the whys and wherefores of Russian history in the second act into something approaching viable drama, and responds magically to the score's transcendental moments – the opening shows the conductor at his very finest, sifting textures and unfolding the prelude with total naturalness – while with the chorus he emphasises that *Khovanshchina* is first and foremost an opera about the Russian people; there is never any doubt of the importance of their contribution to this version.

The set comes with generous documentation, a couple of typically fascinating essays by Richard Taruskin, a quite irrelevant article on Shalyapin's connection with the opera, and a lucid guide through the mire of *Khovanshchina* editions. In that textual respect, however, this performance is something of a compromise: it uses Shostakovich's orchestration, which is reckoned to come closer to Musorgsky's sound world than Rimsky-Korsakov's highly coloured version, but grafts on to it Stravinsky's "completion" of the final scene, in effect a choral fantasy on Musorgsky's themes compiled for Diaghilev in 1913. It does not quite fit. But first-class *Khovanshchinas* are not so plentiful on disc that this one's minor shortcomings should make anyone hesitate too long before acquiring it.

Andrew Clements

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'Hard Nut' with heart

Alastair Macaulay enjoys Morris's Nutcracker

THE BEST choreographer working in Europe is about to leave it. Maybe you recall that, when Mark Morris staged his Roland Barthès trilogy *Mythologies* there two years ago, *Le Soir*, Belgium's most influential newspaper, reacted with the head-line "GO HOME MARK MORRIS." Well, now he is. Judging by some of his remarks about Belgium in interview, he won't be sorry. But will Belgium?

His last new project there will be seen in March: the dances for the new John Adams opera, *The Death of Klinghoffer*. Since *Klinghoffer* concerns the Achille Lauro affair, misgivings are already considerable and widespread. Yet you have to smile – Morris has turned to this tale of Arab terrorism straight after, of all things, *The Nutcracker*. Re-titled *The Hard Nut*, the last new full-dance work he will make in Brussels, this proved a big hit with Belgian audiences and critics – *Morris's only popular success there* since his debut at the Monnaie, *L'Allegro, il Penseroso ed il Moderato* of 1988.

If you're sick of *Nutcrackers* ("Well, we are one more *Nutcracker near death*," wrote Richard Buckle once), Mark Morris's *The Hard Nut* is the one to see. It's probably the funniest and certainly the least *Nutcracker*-ish. Morris has set it in the Swinging Sixties, with the Stahlbaum kids watching TV before the party, with guests all grooving in in a nightmare of Carnaby Street gear, and with Mrs Stahlbaum, Fritz Stahlbaum and the black family housemaid all played en travesti. The Stahlbaums – like the household in Twyla Tharp's 1981 full-length *The Catherine Wheel* – are a cartoon of the American nuclear family.

Most *Nutcracker* producers go back to the great E.T.A. Hoffmann story, *Nutcracker and Mouseking*, in the hope of forcing a little more narrative logic on Tchaikovsky's ballet than the 1892 original seems to have had. No-one, however, can have managed to tell as much of the Hoffmann story as Morris. In Act Two of traditional stagings, *the little heroine* and her ex-Nutcracker companion arrive in Sweetsville and watch a suite of foreign dances; Morris, however, shows us the tale of Princess Pirlipat and Drosselmayer's trip round the world in quest of the Hard Nut – all as recounted later by Drosselmayer to Marie, lying feverish on the sofa.

The hard nut is the MacGuffin of Hoffmann's story. But I'd guess that Morris means his title ambiguously: the hardest nut to crack is love. As Drosselmayer's story reaches a dizzily rapid comic-book climax, his nephew cracks the hard nut; Princess Pirlipat is transformed into a raving beauty; and young Drosselmayer, accidentally stepping on the Mouse Queen, is about to turn into the Nutcracker... But at this, Marie interrupts. She loves young Drosselmayer. Our heroine has grown up. Mrs Stahlbaum presides over a Flower dance in celebration. Then, to

Newsprint Snow Ensemble: best since Balanchine

the Sugar Plum adagio, Marie and young Drosselmayer are lifted, brought together, initiated and blessed by every other character. The famous Sugar Plum solo, with its hushed celesta magic, is danced by Marie – barefoot – addressing young Drosselmayer in a rising transport of dewy emotion.

"Kids learn from grown-ups," *The Hard Nut* keeps spelling out. And when Marie begins her celesta solo with some delicate, pretty steps much like those we saw her mother do in Act One, that's touching. But when her first love-duet with the nephew quotes gestures and partnering that we saw him do with his uncle in Act One, I'm less *happy. I don't mind Morris's* more peculiar implications about the nephew giving to Marie what he received from his uncle. I don't, however, really believe them; nor do I care for the way Morris underlines his point. *The Hard Nut* is best when it's not clear what Morris is saying, or when he says several things at once.

I'd rather see *The Hard Nut* than the best *Nutcracker* in Britain. Like everything Morris makes, it has wit and moral force. But the yardsticks for *Nutcracker* are still Balanchine's evergreen version for New York City Ballet, or Disney's dotty *Nutcracker Suite* in *Fantasia*. Beside those breath-takingly natural miracles, *The Hard Nut* is a tad contrived.

The Flower dance is the blithest fertility rite you can imagine, heavy and pretty and erotic at the same time, but it doesn't have much of its score's sweeping abundance. The Snow ensemble is on the whole adorable, surely the best since Balanchine's and more crazy – with men and women in white bikini-tutus, some on pointe and some barefoot, and *all of them releasing wonderful* cascades of white newsprint-snow from their hands. Yet this too has brief ruts when you know what will come next. And though you love the size of Morris's idealistic heart as you watch the big communal rite he stages to the great solemn downward scales of the Sugar Plum adagio, you never *feel from the stage the majestic* grand manner that Tchaikovsky makes so astonishing in the pit.

I saw *The Hard Nut* three times, and enjoyed myself more on each occasion. It receives delectable performances from everyone. The *closer you watch the dancers*, the more vivid the show and the less forced Morris's conception. I must single out Claryce Marshall's young/wise, tender/forceful Marie, Rob Besserer's hip, jovial, loveable and grave Drosselmayer, and Tina Fehlandt's hilariously frustrated *and ickily glamour-seeking* Louise and Princess Pirlipat – but I want to mention everybody.

The Hard Nut reminds you how often Morris is absurdly poetic at the least likely moments. At the end of Act One, Drosselmayer walks alone *through the snow*, his scarf now white. As he passes, each dancing Snowflake comes down onto his or her heels and stands still, leaning slightly forwards, looking sideways after him. Suddenly these Snow dancers look like penguins, and compassionate ones too. He doesn't see them, but, tenderly, they wish him God-speed.

Mistry plays with poise

The Festival Hall's free foyer concerts have gradually taken on more shape and strength of purpose. Throughout the winter, a lunchtime series of recitals, "The Quartet now playing", has been offering a very enterprising repertory, shared between a select band of young string quartets. The programmes include all the Zemlinsky quartets and those of Cherubini, as well a healthy sprinkling of new music.

Thursday's recital by the Mistry Quartet, held in the Hall's Conran-refurbished Review Restaurant overlooking the Thames, was an all-British affair, and included first London performances of works by Jane Gardener and Simon Holt.

It was a programme that demonstrated the Mistry's technical poise and *stylishness*. Other young quartets may be equally secure, but few match their powers of *projection*, and their confident way of rounding out everything they put into a performance; there are no half measures.

Britten's early Three Divertimenti were full of neat rhythmic pointing, while Bliss's interminable First Quartet was as well sustained as such a rambling structure could be. The Gardener work too, *From Hoy*, received what seemed an utterly assured account, though its material turned out to be disappointingly conventional and routinely worked.

The Holt, though, was *rather special. Danger of the disappearance of things* (the title is a quotation from Giacometti) was commissioned by the late Michael Vyner for last year's Leeds Festival, and first played there by the Mistry. Though it falls into an approximate fast-slow-fast *scheme, the impression is of* a wonderfully sustained single movement lasting just under 20 minutes – ideas emerge and are then submerged, return in different contexts and are lost again; the ending is rapt and perfectly judged. The writing for quartet, with Bartók and Berg as the bench marks, seems effortlessly idiomatic and lucid.

It seems on first acquaintance a remarkable piece, probably Holt's most considerable achievement to date, and the Mistry play it with fierce concentration and command.

Andrew Clements

Alastair Muir

José Carreras as Samson in the revival of Elijah Moshinsky's production of Saint-Saëns' 'Samson et Dalia'

Samson with a clarion ring

David Murray reviews José Carreras's return to Covent Garden

ELIJAH MOSHINSKY'S production of Saint-Saëns' opera, or opera-oratorio, *Samson et Dalila*, was revived at the Royal Opera on *Thursday with José Carreras and Agnes* Baltsa as its stars. Sidney Nolan's bold, pan-ethnic designs still glow in the new lighting by Robert Bryan, though Bryan's Act 2 storm is nothing but token flashes. David Bintley's showpiece-Bacchanale is enthusiastic and gaudily effective. (Near-identical loincloths for the most active male dancers leave some of them bare-*bummed, others not: much care has* evidently gone into deciding who would be which.) The conductor is the reliably stylish Jacques Delacôte, whose finesse is a bit superfluous in the circumstances.

Miss Baltsa's chest-voice, always carnivorous, has now quite devoured her middle-voice. Nothing of it remains; but some way above where it used to be, there rises a *curious new sound, almost electronic*. By contrast with the feral chest-tones it seems to lack virtually any timbre, depth or bite, though it can be cranked up to a penetrating *forte*. Since a large part of Dalila's role lies straight across the middle voice, the result was that most descending phrases went automatically into a *crescendo* snarl, while ascending ones – even climactic ones – suddenly turned wan and maidenly.

It will strike knowledgeable readers that the heart of "Mon coeur s'ouvre à ta voix", *which is what keeps Samson in the reper*toire, consists of broad descending phrases. In fact Baltsa managed to sculpt them creditably, but the required effort of control denied them anything like warmth or seductive teasing. I doubt that that alone accounted for the discouraged demeanour of her tenor; the mark of Carreras' commitment to a role has long been that he looks shy, uncomfortable and worried. That does mean here that there's no perceptible difference between Samson pre- and post-shearing, which is a pity.

The voice, nevertheless, is in fine shape – the clarion Carreras ring will not disappoint people who are paying £112 per head for Grand Tier seats on the strength of the "Three Tenors" record. He finds the predictable places in the vocal line for appealing Italianate sobs (but always discreet). His French is on a par with Miss Baltsa's: that's to say, whenever Samson sang "Je t'aime", as he does rather often, one had to check the English surtitles to be sure it *was* that.

Jonathan Summers repeats his sturdy, theatrical High Priest, and Roderick Earle his usefully nasty Abimelech. As an Ancient Hebrew of assured gravity, the young bass Mark Beesley enhances his growing *reputation*, and the tireless John Dobson makes much of the Messenger. Plainly, though, the director of this revival Stephen Lawless has been unable to make any impression upon his principals; and if the Moshinsky original found any guiding thread through the bland, period-conventional libretto, it has been lost.

A couple of years ago, Steven Pimlott's inspired Bregenz Festival production (with Cossutta and Lipovsek) did far more than justice to Saint-Saëns' patchy score by evoking sombre echoes of the Holocaust from the start, and by fitting the vacuous music for the Philistine Bacchanale to grossly tacky, decadent party-games. By comparison, this *Samson* seems to offer no particular reading at all – only silent-film-style illustration, with singers who don't begin to engage with the sober little graces of Saint-Saëns' old-fashioned style. For the last three performances (between March 8 and 14) there will be a new, less famous but perhaps fresher central pair, Michael Sylvester and Claire Powell. Grand Tier seats for them, at a mere £96, might prove a relatively satisfying bargain.

Radio

Vox populi

MARKET FORCES was Radio 4's Saturday afternoon play, by Christopher Denys – not about the City but about craftsmen and their income tax. *Public Interest* on Tuesday was about a private misunderstanding between an unemployed actress and a DHSS clerk. Both of them pretty good. This is the proper shape of most Radio 4 drama, people ahead of politics.

The current outbreak of short series on Radio 4 keeps us in during the cold weather. Victor Pemberton's *Our Family* (repeated for the listeners who so enjoyed it in 1989) is a sentimental chronicle in three parts, extending from 1919 to 1980 – no serious politics. Angus Graham-Campbell's *Independence*, about dissatisfied, dislikeable teenagers in a remarkably liberal school of further education, is in four parts, and I fear politics may emerge. Next Tuesday sees the start of six instalments of *The Secret Life of Rosewood Avenue*, set in a kind of black Penge (people), and Thursday launches seven parts of *September Song*, about the lighter side of middle age (people again). We are back in the world of the weekly magazines.

A six-part series called *A Perspective for Living* on Radio 4 on Wednesdays strikes me as tasteless and tactless, the misuse of people. The presenter, Bel Mooney, asks folk who have lost a relation what is the effect on their lives. This week it was the actor Barry Rutter, whose infant son was a cot death victim five years ago. He had an older daughter at the time, and has had another daughter since. You might think that the interview would stress the happy atonement, but no, it chose to embrace the distress of the loss at the time. "We got on with it," was Mr Rutter's admirable summary.

He no longer felt angry, he said. I should have been very angry indeed at such impertinence; yet it seems people are glad to talk publicly about these things. Last week, Anne Chisholm spoke freely about the death of her younger sister; next week, Anna Haycraft (a.k.a. Alice Thomas Ellis) will talk about the death of her 19-year-old son. I shan't listen, much as I admire her. It's none of my business. May not the possible Gulf war casualties cause enough distress over the dead?

The Price of Greens, on five Thursday mornings on Radio 5, deals with the cost of becoming "ozone-friendly". Two families are investigated by Stephen Beard, the Rippons in Birmingham and the Pickles in Yorkshire. The first programme just told us how the families lived. John and Liz Rippon both work, he as a biologist, she with children. They have two teenage sons, a microwave and a freezer. Gary and Hayley Pickles have four small children; he is a self-employed painter and decorator, she a registered child-minder. Their only information about the eco-troubles comes from the media, though Gary is appalled at the filth of Scarborough beach.

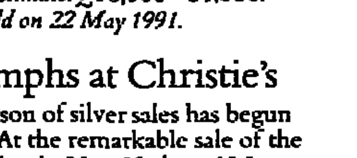
Next Wednesday, they are visited by Stuart Boyle of the Association for the Conservation of Energy. The Pickles use £800- worth of gas per year; Boyle says £450 should be enough. The loft-insulation should be increased from one inch to six (cost £150). Showers use only a quarter of the water of a bath. Compact-fluorescent light-bulbs (£15 a time!) will last for ages. The old windows at the Rippons need insulation, or secondary glazing. £800 spent on insulation all over will save £300 a year. Now I don't find this impertinent. It is helpful, to the families and to us, and if I have the time I shall hear the other programmes.

Sunday's Radio 4 Debate was on the motion that "Government reforms are ruining the National Health Service," but having it in the Royal London Hospital didn't induce a predictable result like last week's. Doctors are less dogmatic than policemen, and the proposed reforms are still open to opinion. Dispute ran much on political lines, with "more funds" a common cry. Voters ranging from Lord Ennals (former Minister) to a medical student, passed the motion by 46 votes to 37.

B.A. Young

Chess No 861:
1 Bd1. If Ke5 2 Bc2 Kf6 3 Bc3. If Kd3 2 Nf3 Ke4 3 Bc2.

CHRISTIE'S



George III silver-gilt tray by Digby Scott and Benjamin Smith, London, 1805. Estimate: £60,000–80,000. To be sold on 22 May 1991.

Silver Triumphs at Christie's

Christie's 1991 season of silver sales has begun with great success. At the remarkable sale of the Marcos Silver Collection in New York on 10 January, all lots sold and a world record price for a single lot of English silver by Paul Storr was achieved with the Egremont Service, selling for £922,000.

The next highlight in this exciting programme will be the sale of Magnificent Silver from the Collection of the Late Hilmar Reksten. This will be followed by a sale of further Highly Important Works from various private collections including an Elizabethan salt and a George III gold cup and cover.

If you would like to share in this success and reach the international buyers that these sales will attract, we are now accepting further entries for this sale, the closing date for which is 22 March.

For further information, please contact: Stephen Clarke on (071) 389 2660.

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The Official London Theatre Guide

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ADELPHI, Strand. Tel 071-836 7611
Me and My Girl
T 0836 430900. ⊖ Charing Cross Prices: £10.00-£24.00

ALBERY, St Martin's Ln. Tel 071-867 1115
Blood Brothers
T 0836 430981. ⊖ Leicester Square Prices: £8.50-£22

ALDWYCH, Aldwych. Tel 071-836 6404
Julian Clary is Camping at the Aldwych
T 0836 430902. ⊖ Holborn Prices: £5-£15

APOLLO VICTORIA, Shaftesbury Ave. Tel 071-437 2663
Don't Dress For Dinner From March 20
T 0836 430904. ⊖ Piccadilly Circus Prices: TBA

APOLLO VICTORIA, 17 Wilton Rd. Tel 071-630 6262
Starlight Express
T 0836 430905. ⊖ Victoria Prices: £9-£25

CAMBRIDGE, Earlham St. Tel 071-379 5299
Return to the Forbidden Planet
T 0836 430908. ⊖ Covent Garden Prices: £8.50-£17.50

COLISEUM, St. Martin's Ln. Tel 071-836 3161
English National Opera:
Turn of the Screw/Rusalka/Lear
T 0836 430909. ⊖ Leicester Square Prices £6-£37.50

COMEDY, Panton St. Tel 071-867 1045
The Homecoming
T 0836 430910. ⊖ Piccadilly Circus Prices: £6-£16.50

DOMINION, Tottenham Court Rd. Tel 071-580 9562/8845
42nd Street From Feb 27
T 0836 430991. ⊖ Tott. Court. Rd. Prices: £10-£22.50

DRURY LANE, Catherine St. Tel 071-836 8108
Miss Saigon
T 0836 430914. ⊖ Covent Garden Prices: £7-£25

DUCHESS, Catherine St. Tel 071-836 8243
Run For Your Wife!
T 0836 430915. ⊖ Covent Garden Prices: £8-£15.50

DUKE OF YORK'S, St Martin's Ln. Tel 071-836 5122
Shirley Valentine
T 0836 430916. ⊖ Leicester Square Prices: £6-£15.50

FORTUNE, Russell St. Tel 071-836 2238
The Woman In Black
T 0836 430917. ⊖ Covent Garden Prices: £7.50-£16.50

GARRICK, Charing Cross Rd. Tel 071-379 6107
The Rehearsal
T 0836 430918. ⊖ Leicester Square Prices: £7.50-£17.50

GLOBE, Shaftesbury Ave. Tel 071-437 3667
Map of the Heart From Feb 28
T 0836 430919. ⊖ Piccadilly Circus Prices: £8-£18.50

HAYMARKET, Haymarket. Tel 071-930 8800
Silly Cow
T 0836 430920. ⊖ Piccadilly Circus Prices: £8.50-£18

HER MAJESTY'S, Haymarket. Tel 071-839 2244
The Phantom of the Opera (Postal Bookings)
T 0836 430921. ⊖ Piccadilly Circus Prices: £8.50-£25

LONDON PALLADIUM Argyll St. Tel 071-437 7373/2055
Russ Abbot's Palladium Madhouse
Ends Mar 2
T 0836 430922. ⊖ Oxford Circus Prices: £7.50-£18.50

LYRIC, Shaftesbury Ave. Tel 071-437 3686
Five Guys Named Moe
T 0836 430923 ⊖ Piccadilly Circus Prices: £3.00-£22.50

NATIONAL THEATRE, South Bank. Tel 071-928 2252
Olivier: THE TRACKERS OF OXYRHYNCHUS/RACING DEMON/THE WIND IN THE WILLOWS
Lyttelton: THE TRIAL £8-£16
Cottesloe: WHITE CHAMELEON/ACCIDENTAL DEATH OF AN ANARCHIST/THE SHAPE OF THE TABLE £10
T 0836 430926 (Olivier) T 0836 430927 (Lyttelton)
T 0836 430928 (Cottesloe) ⊖ Waterloo

NEW LONDON, Drury Ln. Tel 071-405 0072/404 4079
Cats
T 0836 430929 ⊖ Holborn Prices: £7-£25

OLD VIC, Waterloo Rd. Tel 071-928 7616
Carmen Jones From March 27
T 0836 430930. ⊖ Waterloo Prices: £10-£29.50

PALACE, Shaftesbury Ave. Tel 071-434 0909
Les Miserables
T 0836 430932. ⊖ Leicester Square Prices, £5.50-£25

PICCADILLY, Denman St. Tel 071-867 1118
The Rocky Horror Show
T 0836 430934. ⊖ Piccadilly Circus Prices: £10-£20

PLAYHOUSE, Northumberland Ave. Tel 071-839 4401
Twelfth Night From Feb 26
T 0836 430935. ⊖ Embankment Prices £5-£18

PRINCE EDWARD, Old Compton St. Tel 071-734 8951
Children of Eden
T 0836 430936. ⊖ Leicester Square Prices. £10-£25

PRINCE OF WALES, Coventry St. Tel 071-839 5972
Aspects of Love
T 0836 430937. ⊖ Piccadilly Circus Prices: £17.50-£25

QUEENS, Shaftesbury Ave. Tel 071-734 1166.
Three Sisters Until March 2
T 0836 430938 ⊖ Piccadilly Circus Prices: £7-£18

ROYAL COURT, Sloane Sq. Tel 071-730 1745/2554
Top Girls From April 10
T 0836 430939 ⊖ Sloane Square Prices: £5-£15

ROYAL OPERA HOUSE, Covent Gdn. Tel 071-240 1066
Royal Ballet: MIXED BALLET/LA BAYADERE £1.50-£49
Royal Opera: SAMSON ET DALILA/DIE ZAUBERFLOTE £4.50-£101
T 0836 430911. ⊖ Covent Garden

SADLER'S WELLS, Rosebery Ave. Tel 071-278 8916
The King and I
T 0836 430941 ⊖ Angel Prices: £5-£25

SHAFTESBURY, Shaftesbury Ave. Tel 071-379 5399.
Out of Order Until March 16
T 0836 430943 ⊖ Tottenham Court Rd Prices £5.50-£16.50

ST MARTIN'S, West St. Tel 071-836 1443
The Mousetrap
T 0836 430944. ⊖ Leicester Square Prices: £6-£19

STRAND, Aldwych Tel 071-240 0300
Dave Allen
T 0836 430945. ⊖ Covent Garden Prices £7-£17.50

VAUDEVILLE, The Strand. Tel 071-836 9987
Hidden Laughter
T 0836 430946 ⊖ Charing Cross Prices £7.50-£16.50

VICTORIA PALACE, Victoria St. Tel 071-834 1317
Buddy
T 0836 430947. ⊖ Victoria Prices £7-£18.50

WHITEHALL, Whitehall. Tel 071-867 1119
Absurd Person Singular
T 0836 430949. ⊖ Charing Cross Prices: £8.50-£15.50

WYNDHAM'S, Charing Cross Rd. Tel 071-867 1116
What the Butler Saw
T 0836 430950 ⊖ Leicester Square Prices £8-£16.50

Prices given are for evening performances. Matinee and some weekday evening prices may differ. Please call Box Office for details.

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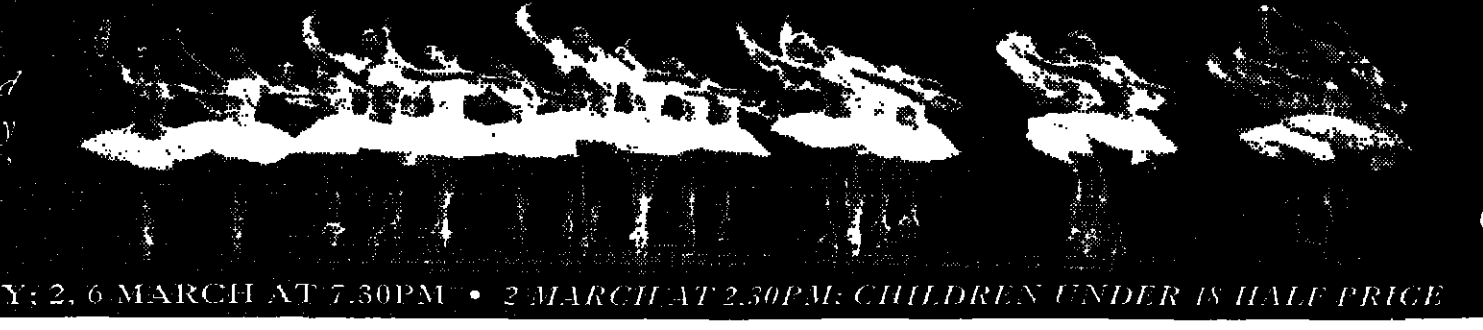

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TELEVISION

SATURDAY

BBC1

6.35 Open University. 7:00 News. 7:10 Open University. 7.35 Babar. 8:00 News. 8:10 Eggs N' Baker. 8.50 Cartoon. 9:00 News. 9.05 Going Live. 12.12 Weather.

12.15 Grandstand. With Desmond Lynam 12.20 Football: The Fifth Round of the FA Cup 12.30 Hockey: The European Nations Indoor Cup from Birmingham 1.00 News 1.10 Racing 1.20 Hockey 1.40 Racing 1.50 Hockey 2.10 Racing 2.20 Bowls 2.40 Racing 2.50 Rugby League: Round Two of the Silk Cut Challenge Cup 3.50 Football Half-Times 4.00 Bowls 4.40 Final Score.
5.10 News; Weather.
5.30 Regional News And Sport.
5.35 Cartoons.
5.50 Jim'll Fix It. Jimmy Savile makes more dreams come true for people of all ages.
6.25 Allo 'Allo! The British airmen are trapped in wine barrels in the castle cellars, but they must be rescued before the Germans decide to sample the '26 claret.
6.55 The Paul Daniels Magic Show. More illusions with Paul and his guests.
7.40 Bergerac. Warriors. Bergerac arrives in England to find a runaway wife, and finds himself at an Atlantean Weekend.
8.35 Don't Wait Up. Tom is expecting to be a father at any minute. Toby can't drive with a broken arm, and Felicity comes to the rescue.
9.05 News And Sport; Weather.
9.30 Midnight Caller. Nighthawk's Got the Blues. When Jack begins drinking at work his bizarre behaviour causes concern, but he is reluctant to talk about his problems.
10.10 The Full Wax. Ruby's dream comes true when she skates with Chris Dean. She also goes on a blind date with David Sullivan of the Sunday Sport, and talks men and sex with Joan Rivers.
10.50 Film: The Stepford Children (1987). A teenager discovers the dreadful secret of suburban Stepford, which allows the menfolk to reduce their women and children to compliant servitude. A second sequel to the chiller The Stepford Wives, starring Don Murray and Barbara Eden.
12:20 News.
12.30 Level 42 Fait Accompli. A record of a hectic year in the life of Level 42 onstage, offstage and backstage. Filmed in 1988.
1.30 - 1:35 Weather and close.

BBC2

6.50 Open University. 2.45 Mahabharat.

3.25 The Sky At Night. The Fastest Clocks in the Universe. Patrick Moore examines pulsars, the remains of exploded stars, which spin with incredible rapidity, emitting radio waves.

3.45 Film: Knights Of The Round Table (1953). Robert Taylor plays Sir Lancelot, riding into battle beside King Arthur, whose queen is torn between the two. Directed by Richard Thorpe.

All timings on all channels are subject to change due to coverage of the Gulf War.

5.35 Bowls. The Midland Bank World Indoor Championships. The final of the pairs tournament from Preston Guildhall, presented by Dougie Donnelly.

6.40 Late Again.

7.25 Newsview. Followed by Weatherview.

8.10 Rhythms Of The World. You Should Have Been Here Last Night. Slip-jigs, slow airs, polkas and slides.. A journey through Ireland to discover the real roots of the country's music.

9.05 French And Saunders.

9.35 John Sessions's Tall Tales. The Toy Shop. Saturday morning in Leytonstone, and a mysterious stranger arrives to disrupt the humdrum life of a toy shop.

10.00 Film: The Godfather (1972). Adapted from the bestselling novel by Mario Puzo, this film, winner of three Oscars, chronicles the violent story of a New York Mafia family, fighting to establish supremacy in the American business world of post-World War II. Directed by Francis Ford Coppola.

12.50 Twin Peaks.

1.40 Close.

LWT

6.00 TV-Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 Saint And Greavsie.

1.00 ITN News. Followed by ITV National Weather.
1.05 LWT News.
1.10 Grand Sportsmasters. Three more of the elite from past Sportsmaster rounds compete for a place in the quarter-finals for 1991 Grand Sportsmaster. Hosted by Dickie Davies.
1.40 World Sport Special. Classic sporting moments from around the world. Followed by The Day.
2.10 Golf: PGA Tour '91. Shearson Lehman Brothers Classic.
3.05 Snooker. Pearl Assurance British Open. Tony Francis presents the highlights of one of snooker's most popular tournaments. Top names compete for the top prize money of £75,000, from Derby.
4.45 ITN News.
5.00 Results Service.
5.10 LWT News.
5.15 Beverly Hills, 90210.
6.10 Catchphrase.
6.40 You Bet!
7.40 New Columbo: Murder, Smoke And Shadows. Peter Falk returns in the role as the scruffy detective which made him famous nearly 20 years ago. In the first of three feature-length films, an egocentric film director uses his mastery of special effects to murder a vengeful friend. But had the director also been involved in the movie-stunt death of the friend's sister years before? Lt Columbo investigates.
9.30 ITN News And Sport.
9.50 Aspel & Company. Michael Aspel with guests Clive James, Boy George and Sharon Gless, star of Cagney and Lacey and the new series, The Trials of Rosie O'Neill.
10.35 World Championship Boxing And Snooker. The WBO Middleweight Championship. Britain's world title holder, Chris Eubank, meets Dan Sherry at the Brighton Conference Centre. Followed by Snooker: further coverage of the Pearl Assurance British Open from the Assembly Rooms, Derby.
1.00 Film: The War Of The Worlds (1952). Starring Gene Barry.
2.35 American College Football. Texas v Texas A & M.
3.35 Fun In The Sun.
4.00 The Hitman And Her.
5.00 The Twilight Zone.
5.30 ITN Morning News.

CHANNEL4

6.00 Comic Book. 7.00 Trans World Sport. 8.00 The Channel Four Daily 9.15 Channel 4 Racing: The Morning Line. 9.25 Sing And Swing. 9.30 Same Difference. 10.00 Free For All. 10.30 William At The Circus.

12.10 The Three Stooges. Flat Foot Stooges. Moe, Curly and Larry join the fire brigade. (B/W).
12.30 The Munsters. My Fair Munster? Marilyn Munster has boyfriend trouble. (B/W).
1.00 Film: It Should Happen To You (1954). Romantic comedy starring Judy Holliday as an unemployed model who becomes a celebrity when she plasters her name on billboards all over New York. With Jack Lemmon in his screen debut. (B/W).
2.35 In Plain Sight. Short film which experiments with animation and still photography.
2.45 Channel 4 Racing. From Kempton Park. John Francome introduces today's racing featuring the 3.00 pm Tote Placepot Hurdle (2m); 3.35 pm Galloway Braes Novices' Chase (2m 4f); 4.10 pm Racing Post Chase (H'cap) (3m); 4.40 pm Rendlesham Hurdle (3m).
5.05 Brookside Omnibus.
6.30 Right To Reply. Why are TV detective dramas so popular? – a producer and a writer explain why.
7.00 The World This Week including all the latest news from the Gulf plus a look at the black market in Leningrad.
8.00 The Land Of Europe. Following a year in the lives of Irja and Heino Alanampa who live 100 miles north of the Arctic Circle in Finnish Lapland.
9.00 LA Law.
10.00 4-Play: Itch. Alexei Sayle plays Rittblatt, an 'itch hiker who develops a bad case of 'itch hiker's block after he is set down on a roundabout on the way to Colchester. After a year he still hasn't managed to pick up a lift.
11.05 The Secret Cabaret hosted by illusionist Simon Drake, with Ricky Jay dealing a game of poker and James Randi investigating the world of astrology.
11.35 After Dark. With the publication on Monday of the Woolf Report on the state of Britain's prisons the programme brings together those who work on the inside and the outside including a former gangland boss and the Greek millionaire who was sent to Pentonville for possessing cocaine.

REGIONS

S4C Wales as Channel 4 except at the following times:-

7:00 Transworld Sport. 10:00 Class By Class. 10:30 Free For All. 11:00 Travelog. 11:30 Remote Control 12:00 Jonathan Ross 12:30 Sumo. 1:00 Film. It Should Happen To You. 2:35 In Plain Sight. 6:30 Newydd.on.News. 6:45 Nos Sadwrn. 7:45 Saethu'r Saith. 8:15 Y Maes Chwarae. 9:15 Cynhadledd Democratiaid Rhyddfrydol '91 9:25 Film. Too Late Blues. 11:25 Ladies And Gentlemen.

IBA Regions as London except at the following times:-

ANGLIA
1:05 Anglia News. 2:10 The A-Team 5:10 Anglia News

BORDER
1:05 Border News. 1:40 The Silk Road. 2:40 Spectacular World Of Guinness Records. 5:10 Border News

CENTRAL
1:05 Central News 1:40 Ski Tips. 2:10 Matlock. 5:10 Central News

CHANNEL
1:05 Diary Dates 2:10 The Life And Times Of Grizzly Adams. 5:10 Channel News.

GRAMPIAN
1:05 Grampian Headlines 1:40 Aba! 2:10 Coronation Street. 5:10 Grampian Headlines

GRANADA
1:05 Granada News. 1:40 McCloud 2:40 The Spectacular World Of Guinness Records. 5:10 Granada News

HTV WEST
1:05 HTV News 2:10 The Young Riders. 5:10 HTV News.

SCOTTISH
1:05 Scotland Today. 1:40 Here Come The Double Deckers. 2:05 This Is America, Charlie Brown. 2:35 The Spectacular World Of Guinness Records 5:00 Scotsport Results 5:10 Scotland Today

TSW
1:40 The South West Week 2:10 Coronation Street 3:05 Badminton! The Hi-Tech National Championships from Paignton, introduced by Jerry Harmer. 4:05 Snooker. 5:05 TSW News. 5:10 Gus Honeybun's Magic Birthdays

TVS
1:05 TVS News 2:10 The Life And Times Of Grizzly Adams. 5:10 TVS News.

TYNE TEES
1:05 Regional News. 2:10 The A-Team. 5:10 Northern Life - Saturday Special

ULSTER
1:05 Ulster Newstime. 2:40 Munsters Today. 5:10 Ulster Newstime. 9:45 Ulster Newstime.

YORKSHIRE
1:05 Calendar News. 1:40 The A-Team. 2:35 The Spectacular World Of Guinness Records. 5:10 Calendar News.

SUNDAY

BBC1

7.10 Open University. 8:00 News. 8:15 Open University. 8.40 Playdays. 9:00 News. 9.15 Come Holy Spirit. 10.00 France Actuelle. Series of films on modern France.

10.25 Mexico Vivo. An introduction to Mexican Spanish.
10.50 Step Up To Wordpower.
11.15 A Way With Numbers.
11.40 Bazaar.
12.05 See Hear.
12.30 Country File.
1.00 News; On The Record. The latest on the Gulf crisis plus a report from Martha Kearney in Ireland on whether, in the light of the IRA bombing campaign, there is any sign of a withering of the historic claim within the republic to a united Ireland.
2.00 EastEnders.
3.00 Film: The Horse Soldiers (1959). John Wayne and William Holden star in John Ford's film about the American Civil War.
4.55 Tom And Jerry. Cartoon.
5.05 The Clothes Show.
5.30 Antiques Roadshow. The experts travel to Valletta in Malta where they find local silver, fine Maltese furniture and a piece of pottery which was probaby dumped from a Roman galleon.
6.15 OK 2 Talk Feelings.
6.25 News; Weather.
6.40 Songs Of Praise. From the 1991 General Assembly of World Council of Churches in Canberra, Australia.
7.15 Brush Strokes.
7.45 Lovejoy.
8.35 Butterflies.
9.10 News
9:35 That's Life!
10.15 Mastermind.
10.45 Everyman. What did you do in the War Mum? The effect on the family and friends of Penny Butterell who made the decision to join the Gulf Peace Camp on the Iraqi-Saudi border in a bid to prevent the outbreak of war.
11.30 World Council Of Churches Report. Mike Wooldridge reports on the main issues and events of the Seventh Assembly of the World Council of Churches in Canberra, Australia.
12.05 Mosaic. The Health Gap. The Moroccan Woman's Project and other ethnic minority community health projects are struggling to close the health gap created by language barriers and cultural differences.
12.35 News.
12.45 Weather/Close.

BBC2

6.35 Open University. 12.00 Regional Programmes. 12.30 Scrutiny including interview with Health Secretary William Waldegrave.. 1.00 Open University. 1.25 What The Papers Say Awards 1990. 2.05 Bowls And Indoor Hockey.

5.00 Rugby Special. Featuring the Pilkington Cup Quarter-finals, Wasps v Orrell. Introduced by Chris Rea.
6.00 Clive James Interview.
6.35 The Money Programme. Peter Jay introduces reports from the US, Germany and Brazil examining the effects on western business of new American government initiatives to prevent the spread of technology which can be used to develop nuclear and chemical warfare.
7.15 Choir Of The Year. Four adult and two youth choirs compete in the final of the Sainsbury's Choir of the Year competition.
8.05 Naked Hollywood. A look at how Arnold Schwarzenegger turned himself from muscle man to the world's biggest film star, compared to highly respected actor James Caan who fell from Hollywood grace when he refused to play the studio game.
8.55 How Are The Kids. A re-run of the series of short fictional films examining child exploitation around the world. Oca features an island off the Philippine coast where boys aged 7-to-15 dive off fishing boats to frighten fish into huge nets, often spending ten exhausting hours in the water a day.
9.10 Screen Two: A Private Life. Starring Bill Flynn and Jana Cilliers. A true love story spanning two generations of a couple trying to live their private life against the background of Apartheid in South Africa. Jack and Stella fall in love and defy the colour bar by living together for 30 years. Written by Andrew Davies.
10.40 Film: Twelve Angry Men (1957). Starring Henry Fonda and Lee J Cobb. In a hot, muggy New York courtroom the 12 jurors have to adhere to the basic rule; that the defendant must be seen to be innocent, unless proven guilty beyond reasonable doubt. With the life of a young Puerto Rican boy in their hands they consider their verdict. Directed by Sidney Lumet.
12.15 Snub.
12.45 Rapido.

LWT

6.00 TV-Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 LWT News Weekend

1.00 ITN News. Followed by ITV National Weather.
1.15 War In The Gulf. An analysis of current events in the Gulf, presented by Brian Walden and Donald MacCormick.
2.00 Snooker. Pearl Assurance British Open. From The Assembly Rooms, Derby and presented by Tony Francis.
2.30 The Match. Rumbelows League Cup Semi-Finals. Live action of the Leeds United v Manchester United 2nd leg game from Elland Road, with commentary from Brian Moore and Jimmy Greaves. Plus highlights of the Chelsea v Sheffield Wednesday 1st leg game from Stamford Bridge, with commentary from Alan Parry. Elton Welsby is the host.
5.05 Snooker. Pearl Assurance British Open. Tony Francis resumes the afternoon coverage from The Assembly Rooms, Derby, with highlights from the second table play.
6.00 Bullseye.
6.30 ITN News.
6.35 LWT News.
6.40 Highway. Treorchy. Sir Harry Secombe returns to his native Wales to hear the Treorchy Male Voice Choir singing in the Rhondda Valley.
7.15 Trouble In Mind.
7.45 Murder, She Wrote starring Angela Lansbury and special guest stars, Donald O'Connor, Anne Francis, Connie Stevens and Elaine Joyce.
8.40 ITN News.
8.55 LWT Weather.
9.00 Agatha Christie's Poirot starring David Suchet, and guest stars, Nigel Le Vaillant, John Vernon and Stephanie Cole.
10.00 Cool Head.
10.30 The South Bank Show. Melvyn Bragg profiles the 35-year career of American funny man, Steve Martin.
11.35 Snooker. Pearl Assurance British Open.
12.30 The ITV Chart Show. Saturday's show again.
1.30 New Music.
2.30 Indy Car Racing. Budweiser Cleveland Grand Prix.
3.30 Pick Of The Week.
4.00 Special Squad.
5.00 Wanted: Dead Or Alive. (B/W).
5.30 ITN Morning News.

CHANNEL4

6.00 Trans World Sport. 7.00 The Complete Skier. 7.30 Dr Snuggles. 8.00 The Bluffers. 8.30 Bobobobs. 9.00 Early Bird. 9.25 Sangeet Anjali. 10.00 A Week In Politics including a report on the first week of campaigning in the Ribble Valley by-election and the clues it may give about the date of the general election. 10.45 Dennis. 11.00 Boom! 11.30 Star Test.

12.00 The Waltons.
1.00 Voyage To The Bottom Of The Sea. (B/W)
2.00 Film: Mildred Pierce (1945). starring Joan Crawford in her Oscar-winning performance as a self-sacrificing mother who gives up everything to ensure the happiness of her spoiled and selfish daughter. With Ann Blyth, Jack Carson, Zachary Scott, Eve Arden and Bruce Bennett. (B/W)
4.05 The Specialist. 1966 comedy starring Bernard Miles (B/W)
4.30 Citizen 2000.
5.00 Scottish Eye. Investigating how Scotland is becoming a major training ground for British and NATO armed forces.
5.30 Kersplat!
5.45 Grim Tales.
6.00 Press Gang.
6.30 The Wonder Years.
7.00 Channel 4 News. A special Sunday edition containing all the latest news from the Gulf, followed by weather..
8.00 Orchestra! Dudley Moore is given a masterclass in conducting by Sir Georg Solti. He finds out how to be "in" the music and why conductors should sweat.
8.30 The New Age.
9.00 The Media Show looks at the spate of new films, led by Dances With Wolves, from a Hollywood seemingly obsessed with American Indian culture. Includes an interview with Kevin Costner, director and star of Dances With Wolves.
9.45 Film: The Hotel New Hampshire (1984). Starring Rob Lowe, Jodie Foster, Beau Bridges and Nastassja Kinski.
11.50 Hello, Do You Hear Us? In this final programme, Latvian director Yuris Podnieks returns to two of the flashpoints that pose crucial questions for the future of Gorbachev, perestroika and the survival of the USSR itself: the Baltic states and Armenia's conflict with the Azeris.
12.50 Satiemania/The Blacksmith's Apprentice (Two animations from the Zagreb Studio).
1.15 Close.

REGIONS

S4C Wales as Channel 4 except:
6:00 Early Morning. 9:25 The Adventures Of Tin Tin. 9:30 Boom! 10:45 Voyage To The Bottom Of The Sea 11:45 Kersplat! 12:55 Acen 1:20 O Bedwar Ban. 1:30 Bwrw Mlaen 2:00 Icewalk. 3:00 Cutting Edge 4:00 Film: 100 Men And A Girl. 5:35 Sinfonietta II.
6:35 Grim Tales. 6:50 San Steffan. 7:00 Newyddion/News. 7:15 Hapus Dyrfa. 7:45 Hel Straeon. 8:15 Dechrau Canu, Dechrau Canmol. 8:45 Mwy Na Phapur Newydd. 9:30 Ffiniau 2. 10:05 Small Stages. 11:35 The Media Show.

IBA Regions as London except at the following times:-

ANGLIA
12:30 Farming Diary. 12:55 Anglia News. 6:35 Anglia News.

BORDER
12:30 Gardening Time. 12:55 Border News. 6:35 Border News.

CENTRAL
12:30 Gardening Time 12:55 Central News. 6:35 Central News.

CHANNEL
12:30 Reflections 12:35 Los Francais Chez-Vous. 12:50 Tele-Journal. 1:10 Walden. 6:35 Channel News. 12:30 The Human Factor. 1:00 The New Avengers. 2:00 The In Chart Show. 3:00 Books By My Bedside. 4:00 The Hitman And Her. 5:00 A Taste Of The South.

GRAMPIAN
10:45 Pick A Number. 11:15 Link 11:30 Sunday Service. 12:30 Jack Thompson Down Under. 12:55 Grampian Headlines. 3:00 Viv On Sunday. 4:00 Scotsport. 6:35 Grampian Headlines.

GRANADA
12:30 Granada This Week 5:35 Coronation Street. 6:35 Granada News.

HTV WEST
12:30 West Country Farming. 12:55 HTV News. 2:00 HTV Newsweek 6:35 HTV News.

HTV Wales as HTV except:
12:30 Jimmy's. 2:00 West Country Farming.

SCOTTISH
10:45 Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sunday Service. 12:30 Scottish Supplement. 12:55 Scotland Today. 3:00 Viv On Sunday. 4:00 Scotsport. 6:00 Songs For Oscar. 6:35 Scotland Today

TSW
12:30 Farming News. 12:55 TSW News And. 6:00 The Piglet Files. 7:35 TSW News.

TVS
12:30 TVS News. 12:33 Agenda. 6:35 TVS News. 11:30 Gulf News Report.

TYNE TEES
12:25 The Back Page. 12:55 Regional News. 2:00 The Back Page. 5:05 Northern Life Review. 5:35 Coronation Street. 6:35 Regional News.

ULSTER
12:30 Gardening Time. 12:55 Ulster Newstime. 5:35 Coronation Street. 6:35 Ulster Newstime. 8:55 Ulster Sports Results. 11:32 Ulster Newstime.

YORKSHIRE
12:25 Goals On Sunday. 12:50 Calendar News. 6:35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
4:00 Dave Bussey. 6:00 Graham Knight. 7:45 Dear Radio 2. 8:05 Ronnie Hilton. 9:00 Brian Matthew. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 The News Huddlines. 2:00 Robin Ray On Record. 3:00 Gerry Anderson. 4:45 Carol Williams. 5:00 Cinema 2. 5:30 Music By...Richard Rodney Bennett. 6:00 Bob Holness Requests The Pleasure.... 7:00 Jazz Score. 7:30 Saturday Gala Night. 9:30 Easy Does It. 10:00 The Radio 2 Arts Programme. 12:05 Cinema 2. 12:30 Andrew Lane.

BBC RADIO 3
6:35 Open University.
6:55 Weather & News Headlines.
7:00 Morning Concert.
8:30 News.
8:35 Wolfgang Manz.
9:30 Saturday Review.
12:55 Words.
1:00 News.
1:05 Tallch Quartet.
2:10 BBC Scottish Symphony Orchestra.
4:00 Tuning Up.
5:00 Jazz Record Requests.
5:45 Third Opinion.
6:30 Sylvius Leopold Weiss.
7:00 Peter Grimes.
10:10 Issues.
10:35 Walter Klien.

BBC RADIO 4
5:55 Shipping Forecast.
6:00 News Briefing; Weather.
6:10 The Farming Week.
6:50 Prayer For The Day.
7:00 Today.
9:00 News.
9:05 Sport On 4.
9:30 Breakaway.
10:00 News; Loose Ends.
11:00 News; The Week In Westminster.
11:30 From Our Own Correspondent.
12:00 Money Box.
12:25 Just A Minute.
12:55 Weather.
1:00 News.
1:10 Any Questions?.
1:55 Shipping Forecast.
2:00 News; Any Answers?.
2:30 Saturday Playhouse.
3:45 Playback.
4:00 News; Going South.
4:30 Science Now.
5:00 God And Caesar.
5:25 Week Ending.
5:55 Weather.
6:00 News; Sports Round-Up.
6:25 Citizens.
7:10 Stop The Week.
7:45 Classic Serial: The Forsyte Chronicles.
8:45 Kaleidoscope.
9:15 Music In Mind.
9:50 Ten To Ten.
9:59 Weather.
10:00 News.
10:15 Strange Stories.
10:45 The Poetry Of Popular Song.
11:00 Richard Baker Compares Notes.
11:30 Girls Will Be Girls.
12:00 News.
12:33 Shipping Forecast.

BBC RADIO 5
6:00 World Service.
6:30 Morning Edition.
9:02 On Your Marks.
12:00 News followed by Sport On 4 Plus 1.
12:30 Sports Call.
1:30 Sport On 5.
5:00 Sports Report.
6:00 As Radio 4.
10:00 Sport.
10:15 As Radio 4.
11:00 Sport.
11:10 World Service.
12:00 News And Sport.
12:05 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT:
5:00 German Features: Tips Fur Touristen. 5:35 News In German; Headlines In English And French. 5:47 Press Review. 5:52 Financial News. 5:58 Weather & Travel News. 6:00 Newsdesk. 6:30 Londres Matin: News And Press Review In French. 6:59 Weather. 7:00 World News. 7:15 24 Hours: Extended Edition. 8:00 World News. 8:09 Words Of Faith. 8:15 A Jolly Good Show. 9:00 World News. 9:15 Here's Humph!. 9:30 Financial News. 9:39 Sports Roundup. 9:45 Network UK. 10:00 World News. 10:15 Letter From America. 10:30 People And Politics. 11:00 Newsdesk. 11:30 Midi Magazine: News And Features In French. 11:59 Travel News. 12:00 World News. 12:15 Multitrack 3. 12:45 Sports Roundup. 1:00 World News. 1:15 24 Hours: Extended Edition. 2:00 World News. 2:15 Club 648. 2:30 Sportsworld. 3:00 World News. 3:15 Sportsworld Contd. 4:00 World News. 4:15 BBC English. 4:30 News And Features: Weltspiegel: Genauer Betrachtet. 4:59 Travel News. 5:00 News Summary. 5:15 Sportsworld: Final Results. 5:30 Londres Soir: News And Features In French. 6:14 News Summary in English. 6:15 BBC English. 6:30 Heute Aktuell: News And Features In French. 7:00 German Features, 7:54 News In German. 8:00 Worldnews. 8:09 Society Today. 8:25 Words Of Faith. 8:30 Meridian. 9:00 World News. 9:15 From Our Own Correspondent. 9:45 Write On. 10:00 Newshour. 11:00 World News. 11:09 Choice. 11:15 A Jolly Good Show. 12:00 Newsdesk. 12:30 The Ken Bruce Show. 1:00 World News. 1:05 Play Of The Week: The Scottish Play. 2:00 Newsdesk. 2:30 The Jews Of Eastern Europe. 3:00 World News. 3:15 Society Today. 3:30 From Our Own Correspondent.. 3:59 Weather. 4:00 Newsdesk. 4:30 Personal View.

All programmes subject to alteration at short notice.

SUNDAY

BBC RADIO 2
6:00 Graham Knight. 7:00 Don Maclean. 9:05 Richard Baker. 11:00 Desmond Carrington. 2:00 Benny Green. 3:00 Alan Dell. 4:00 Palm Court Time. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 John Lawrenson. 8:00 London Winds. 8:30 Sunday Half-Hour. 9:00 Alan Keith. 10:00 Radio 2 Arts Programme. 12:05 Lady Barbirolli. 1:00 Andrew Lane.

BBC RADIO 3
6:35 Open University.
6:55 Weather.
7:00 Morning Concert.
8:30 News.
8:35 Music From The Dresden Court.
9:15 Isaac Stern And Friends.
10:15 Music Weekly.
11:00 From The Proms 1990.
12:35 Replay.
1:00 News.
1:05 Your Concert Choice.
2:30 Winterreise (Bass).
5:00 Soundings.
6:00 Sacred Music From Russia.
7:10 Grand Concertos.
7:30 Sunday Play.
9:00 Brahms And Schoenberg.
10:15 The Guardian Short Story.
10:50 York Early Music Festival.
12:00 News.

BBC RADIO 4
6:00 News Briefing; Weather.
6:10 Prelude.
6:30 News; Morning Has Broken.
6:55 Weather.
7:00 News.
7:10 Sunday Papers.
7:15 On Your Farm.
7:40 Sunday.
8:50 Appeal.
8:55 Weather.
9:00 News.
9:10 Sunday Papers.
9:15 Letter From America.
9:30 Morning Service.
10:15 The Archers.
11:15 News Stand.
11:30 Pick Of The Week.
12:15 Desert Island Discs.
12:55 Weather.
1:00 The World This Weekend.
1:55 Shipping Forecast.
2:00 Gardeners' Question Time.
2:30 Talking Heads.
3:00 Listening In To History.
3:30 The Radio Programme.
4:00 News; Analysis.
4:47 Time For Verse.
5:00 News; Down Your Way.
5:40 Beaten Tracks.
5:50 Shipping Forecast.
5:55 Weather.
6:00 News.
6:15 Feedback.
6:30 Sweet Nantyglo.
7:00 A Greener Harvest.
7:30 Bookshelf.
8:00 The Radio 4 Debates.
9:00 Enquire Within.
9:15 The Natural History Programme.
9:59 Weather.
10:00 News.
10:15 Cold Meat And Salad Days.
11:00 In Committee.
11:30 Seeds Of Faith.
12:00 News.
12:33 Shipping Forecast.

BBC RADIO 5
6:00 World Service.
7:30 Sunday Edition.
9:02 This Family Business.
10:30 Education Matters.
11:00 A Century Remembered.
11:30 The Price Of Greens.
12:00 Sport.
12:02 Open University.
2:00 Sport.
2:03 As Radio 2.
3:00 Sunday Sport Extra.
5:00 Sport.
5:02 As Radio 4.
6:00 Sport.
6:10 Bob Hatton Rattle.
6:40 Euromix.
7:20 Open University.
9:00 Nightbeat.
9:30 Across The Line.
11:00 Sport.
11:05 World Service.
12:00 Sport.
12:05 Close.

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CHESS

THE traditional Dutch international at Wijk aan Zee, sponsored by the giant Hoogovens steel firm, has ended with a British success for the fourth time in six years.

John Nunn took first prize following earlier wins for Nigel Short in 1986 and 1987 and Nunn himself in 1990.

Michael Adams, 19, was joint runner-up with two experienced Russians, our youngest grandmaster's best result yet.

Fide, the International Chess Federation, ranks Adams as No 31 in the world with 2600 rating points. He could be a potential contender for Gary Kasparov's world crown.

This game has brilliant play in the style of early Keres or Tal, great masters of attack.

(M Adams, England, White; C Hansen, Denmark, Black; Sicilian Defence; Wijk 1991).

1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 d6 6 g4 a6 7 g5 Nfd7 8 Be3 b5 9 a3 Nb6 10 h4 Bb7 11 h5 N8d7 12 g6! A startling new idea in place of the book 12 Rh3. hxg6

13 hxg6 Rxh1 14 gxf7+ Kxf7 If Black tries to keep the rook by Ke7 15 Qg4! 15 Qf3+ Qf6 16 Qxh1 Ne5 17 Nxe6! Qxe6 If Nf3+ 18 Qxf3!

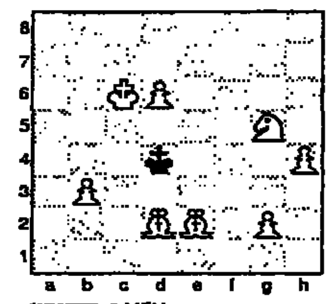
18 Bxb6 d5 19 Bd4 Nc6 If dxe4 20 Qh5+ Ng6 21 Bh3 is strong.

20 Bh3 Qe8 21 0-0-0 Nxd4 22 Rxd4 Qe5 23 Rd3 d4 24 Nd5 Bxd5 25 exd5 Bd6 26 Rf3+ Ke7 27 Rf5 Qe2 28 Qg1 Be5 29 f4 Bf6 30 Rxf6! gxf6 If Kxf6 31 Qxd4+ Kg6 32 Qg1+ Kf6 33 Qb6+ leads to a win.

31 Qg7+ Ke8 32 Qg8+ Ke7 33 Qh7+ Ke8 34 Kb1 Rd8 35 Be6 Resigns.

CHESS No 861

BLACK 1 MAN



WHITE 8 MEN

White mates in three moves, against any defence (by Dr W Massmann).

Solution Page XVIII

Leonard Barden

BRIDGE

DON'T MISS *Bridge with the Blue Team* by Pietro Forquet, just reissued in paperback by Gollancz at £10.99. The hands are superb. This is from championship teams:

N
♠9 5 4
♥J 4 2
♦A K 8 6
♣J 7 6

W
♠Q 8 7 6
♥K Q 10 8 7 5 3
♦J
♣3

E
♠–
♥9 6
♦Q 10 9 5 4
♣K Q 10 5 4 2

S
♠A K J 10 3 2
♥A
♦7 3 2
♣A 9 8

With both sides game, West dealt and bid three hearts. After two passes South closed the auction with four spades.

West led the club three to 10 and ace. All looked easy – pick up East's spade queen by finesse, score six spade tricks, three aces and a king. But when declarer cashed his spade ace, he was surprised – it was East, not West, that showed out.

Now the contract depended on the minor suit squeeze against East, and this would require a double rectification of the count.

Cashing the heart ace, South led a spade to the queen, and West switched to the diamond knave. Taking with the ace in dummy, South returned the heart knave, on which he threw a club. West won, and led the seven of spades to the nine.

Now the heart four was played, West took,and led another heart. South ruffed, drew West's trump with the king, and played his last trump. This squeezed East, forcing him to set up club nine or diamond eight.

In this beautifully played hand, South actually made an error. On the heart ace he should have played dummy's four. Then West could not have escaped the throw-in at trick eight, when the two was played.

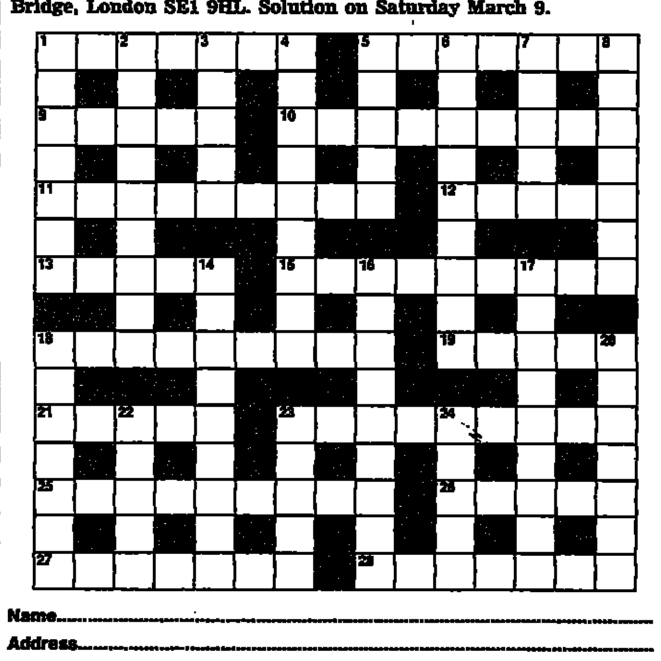
As it was, he should have let the four hold – this defeats the contract.

E P C Cotter

CROSSWORD

No. 7,477 Set by CINEPHILE

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday March 6, marked Crossword 7,476 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 9.



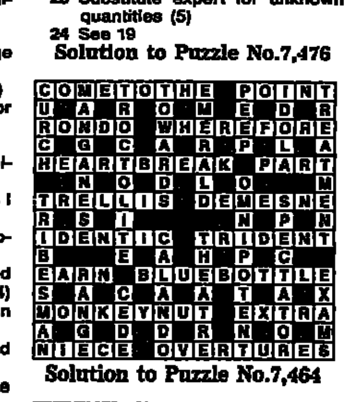
Name..

Address...

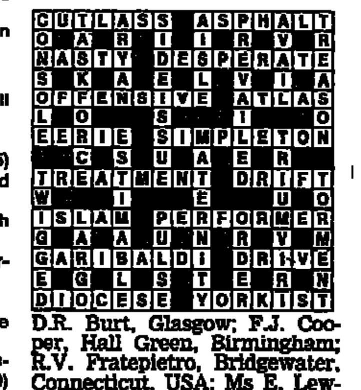
ACROSS
1 Mother has stake in church drama (7)
5 Grossly aggressive driver, heedless of others' rights, initially confused (4,3)
9 Clothes to put on salad? (5)
10 Heart of castle shows change of heart amid rancour (5,4)
11 Woodwork at the fish gate? (9)
12, 13 One more wall-painting for the Open University (10)
15 Molars fed up to? (4,5)
18 Shade of month including university award (4,5)
19, 24 Why fight to achieve Class I (blue) (5,5)
21 Body in the business of meteorology (5)
23 Almost sightless, surrounded by feather, takes the lead (5,4)
25 Marsupial, bit of a handicap in footwear (9)
26 One lady changed name in old country (5)
27 Flowers put back a long time in that (7)
28 Agree with it being altered in Surrey (7)

DOWN
1 Doctor princess with a small amount (7)
2 Fruit left in shade (6,3)
3 Points for little girl to follow (5)
4 Board for those once called academically gifted? (4,5)
5 Full of water plants of high tone? (5)
6 Proper copper, later with nervous movement (9)
7 Middle man's skill (5)
8 Giant awfully alight with love (7)
14, 16 One that brings an orchestra swiftly down to earth? (9,9)
17 Ideas ain't used by Clive and company (4,5)
18 Work at home, keeping accountant that's very radical (7)
20 Passage of moisture, v.p. (7)
22 Little time for us, or less (5)
23 Substitute expert for unknown quantities (5)
24 See 19

Solution to Puzzle No.7,476



Solution to Puzzle No.7,464



D.R. Burt, Glasgow; F.J. Cooper, Hall Green, Birmingham; R.V. Fratepietro, Bridgewater, Connecticut, USA; Ms E. Lewenstein, Hove, Sussex; Mrs M. Robinson, Hanworth, Middlesex.

Private View

The unrepentant Arabist

*Sir James Craig talks to **Christian Tyler** about the Foreign Office, the Middle East and the Gulf War*

SIR JAMES Craig, one of Britain's top Arabists, swears he has never been on a camel in his life. Nor, until last year, had he ever been offered a sheep's eye. When the moment finally arrived, in Dohar, his gorge rose and he passed the slimy morsel to another guest.

It was not the romance of bedouin in their tents or moonlight on the desert, that brought Craig from the academic world into the Foreign Office and eventually to ambassadorships in Syria and Saudi Arabia. He was captured by grammar and syntax. Languages are his profession and his passion.

"Language is the great love of my life," he said. "I would die for grammar, for the subjunctive. I love etymology, the history of language, comparative language. It is the greatest achievement of mankind." He collects abstruse books of grammar in tongues such as Hausa and Swahili.

There is probably no better speaker of Arabic in the West. This skill in the holy language of the Koran makes him irresistible to the Arabs. A colleague remembers him at a dinner in Damascus keeping the whole table rocking with a stream of Arabic puns.

A humorist lurks below the mandarin accoutrements of beetling black eyebrows under white hair, a pipe and gold watch chain. Craig enjoys a high reputation as a political analyst but there is nothing old-bufferish about him. Perhaps it is because he escaped the premature polishing of a public school education: his father was a joiner who migrated from a small village in Perthshire to Liverpool during the Depression, and Craig went to Oxford on a scholarship from grammar school.

Although a pyrotechnic linguist, he is also a plain speaker. Challenged once by Golda Meir of Israel as to who started the Six-Day War, he replied simply: "You did, Prime Minister". His valedictory assessment of Saudi society, containing a lot of home truths, was leaked to the press and caused a furore. But the Saudis let him return to the country and many, he says, privately accepted his observations as accurate.

The experts got it wrong in Iran, failing to spot the revolution against the Shah: some would say they got it wrong again in Iraq, helping sustain a dictator who turned out to be a danger to the whole region.

Craig readily admitted that the night before the rape of Kuwait he, the experienced Arabist, had betted that Iraq would not invade. "We've heard so much about Saddam Hussein's consummate skill. It seems to me it was a disaster to invade Kuwait and I didn't contemplate that anyone would be so foolish."

I asked whether British policy, by being too self-serving in the past, was partly to blame for the present war. Were we not in some way responsible for the rise of people like Saddam?

"I don't think we're the slightest bit responsible. They have been brought there by internal forces: it would be hard to say always by the people, but by the internal dynamics of the different countries. There is no mechanism for dealing directly with the people and if you were to try you would be open to the charge of interfering with their internal affairs.

"If you mean we should impose some pressure in order that they should reform their regimes, I should say absolutely not. We have imposed our wishes too often in the past and it has left a legacy of resentment which we are observing now. It doesn't seem to me that it is our duty or anyone's duty to try to reform the internal regimes of the whole world."

Yet we employed a lot of rhetoric

against communist regimes for their abuse of human rights, I pointed out.

"It was recognised that they were a danger to us. Saddam Hussein was not our declared enemy, was not a danger to us. The situations are different. Even with hindsight I still can't feel very guilty I did not foresee – nor did anyone else – that Saddam Hussein would become a danger, as I think he is now, to the peace of the world.

"It's always been a principle of the Arab world that they may quarrel with each other furiously, break off relations, but not actually attack each other. It's come as a shock to me as it's come as a shock to the whole Arab world."

Craig is now head of the Middle East Association, a trade advisory body in London funded by big British companies. I said I could not escape the feeling that our commercial relations with a tyrannical and Stalinist regime were selfish and shortsighted.

Sir James sighed. "You know, this is a weary old reply but if you start not having commercial dealings with a regime which you disapprove of there aren't going to be many regimes left for you."

Human rights was a serious problem, he admitted. "But it's also very difficult to find an answer to. It involves making judgments, drawing lines. And the difference between country A and country B may be very small. Almost every country will have some kind of secret police. How much less brutal does it have to be before we do business with them? I recognise the problem. I have no answer to it."

The British Foreign Office has the reputation of being pro-Arab (while government and public are usually pro-Israel). I asked why.

"The Foreign Office took the view, not out of sympathy for the Arabs or hostility to Israel but out of an assessment of British interest, that we ought to be more understanding of the Arab case." Parliament and public were coming to that view now, he added.

Will you always be suspect to British Jewish organisations?

"That was the case but I think it has changed now. In the middle of my career I think people outside would have gauged that my sympathies were pro-Arab. I would have contested that and said that my sympathies were pro-British and that those sympathies led me to support the Arab case in many aspects of the problem, not in all. The feeling that everyone has to be on one side or the other is much diminished."

Do the British have a better understanding of the Arabs than others?

"If I had a pound for every time I have been told by the Arabs that the British understand them better than other people, I would be rich man. I've always taken it with a pinch of salt. We have tended to have a bigger reservoir of people who knew the Middle East, for historical reasons."

I asked Craig whether there was such a thing as the Arab mind.

"I have thought about this question a long time, and I don't think it is possible to say there is." There were a few characteristics common to different Arab societies, such as love of language and oratory, and of course the influence, even on Christian Arabs, of Islam.

We also hear that there is an Arab inferiority complex. Do you agree?

"It is such a distorted, hackneyed phrase that I'm very reluctant to apply it." But the fact that the region was industrially and technically backward – like other parts of the globe – meant that everything from motor cars and antisepsis to socialism and Darwinism had been imported.

"If you are an Arab and very conscious of the enormous cultural domination you had 1,000 or 1,200 years ago it must be pretty daunting to see that your present society is being swamped by all these imports. It's a feeling we had here on a smaller scale 30 years ago when we all felt we were being Americanised.

"When you are surrounded and submerged by all these imports you tend to look back to your own achievements – and my goodness they were very great achievements – and say: 'Why were we good? Because we were pure.' It became the trigger for Islamic fundamentalism."

I asked for the outcome of the Gulf war.

In the worst case, he said, there would be long-lasting hostility between the Arab world and the West. In the best, the West and the US in particular would realise that it was Israel's occupation of the remnants of Palestine that prevented hostility being assuaged.

American public might come to see that Israel far from being an asset to the west, was a handicap.

"America has had to say to Israel during this war: 'Lie down, pull a blanket over your head and keep quiet.' That proves that the presence of Israel, at least in occupied territories, is a handicap.

"But it is not enough for that realisation to dawn on the US government. It has to dawn on US public opinion. But the PLO has behaved very foolishly and sympathy for the Palestinians has been considerably diminished. So I am not, on the whole, optimistic."

What does the war mean to you personally?

"One can't live and work with a people, a language, a culture, a society all those years without developing a deep interest in it, and a certain amount of affection. I don't wish to exaggerate that affection. I don't mean that I'm in love with the Arabs.

"When I see a war in that area and people dying I am naturally very distressed in way that I was not – it sounds callous to say so – moved by the war in Vietnam.

"This crisis has led me into disagreement with many of my friends, both Arab and British friends, who don't take the view I take that this war was both just and necessary."

Norman the conqueror

Michael Thompson-Noel

I HOPE you are sitting down, because what I have to tell you will come as a shock. The *real* Norman Lamont, Britain's chancellor of the exchequer, has been in pre-budget purdah since January 1. The one we have seen recently, strutting and fretting as the economy heaves and sags, is... an actor, a double, a brilliantly-trained decoy whose rôle is to hold the fort by unveiling tiny cuts in interest rates while the *real* Norman Lamont undergoes intensive coaching at a secret location.

Nor is that all. The John Major we see before us isn't John Major. He, too, is being coached. Malcolm Rifkind isn't MalcolmRifkind (even the real one doesn't *want* to be Malcolm Rifkind). Tom King is real, and so is Michael Heseltine. But Chris Patten is a double: in fact there are four of him.

The news that up to a third of the British cabinet is receiving secret coaching will traumatise the nation. The follow-ups will be impressive: the *Sunday Times*, I imagine, will field an 80-page *Insight*.

HAWKS & HANDSAWS

Yet my rivals will discover that these ministers have been very cleverly hidden. Despite weeks of enquiry, the only one I have located is Norman Lamont, who is somewhere in the West Country (more, I cannot say) and who seemed, until this week, to be responding bravely to the arduous tuition ordained for him by John Major.

During daylight hours, the real Norman Lamont is closeted with his officials and with hot-shot political coaches, fathoming out how to extricate the Tories from the mud of recession, *and* win an election, without stabbing themselves in the eye again.

Each evening, however, the real Norman Lamont spends two hours with a trio of advisers – titans in their own fields – who are trying to revitalise him for the daunting tasks ahead. They are: Ron Manworthy, an expert in sports psychology; Juliet Fetherbrayne, one of London's foremost PR consultants, and Micky Muff, a young and soaring chef. Ron's task is to stoke up the chancellor's confidence. Juliet is working on his image. And Micky, founder of the post-punk school of English cooking, watches the chancellor's diet.

Two nights ago the real Norman Lamont and these experts enjoyed a particularly spirited session. I know all about it because my mole has placed a tape recorder in the room where they meet. I am nervous of these tapes, and not sure where they leave me *vis a vis* the mushrooming codes of practice and professional deportment with which journalism is now beset. Yet the story is so important that I must play things by ear.

Here is an extract from Thursday night's session:

Ron Manworthy: "You're making excellent progress, chancellor, but in the short time left before the budget we want to work intensively on your stamina and self-image. You have an appalling time ahead of you, but you *will* prevail. Repeat after me: 'I am a warrior. I am the champion. Might is right and right is might.'"

There is mumbling on the tape.

Ron: "Remember what Mike Tyson told the *Boston Globe* before he fought Michael Spinks. He said: 'I'll break Spinks... When I fight someone I want to break his will... I want to rip out his heart and show it to him. People say that's primitive, that I'm an animal, but then they pay $500 to see me fight.' *You* are a warrior, Norman – isn't he, Juliet?"

Juliet Fetherbrayne: "Yah, absolutely. Our research shows you scoring well, Norman, for lucidity, conviction and mastery of your brief. But you're not really likeable. One-to-one you're likeable, here in this room. But we have to go beyond that – broaden your likeability, especially on TV.

"What we need, Norman, is a bit of a mega-shift in your public persona. Of course you're not a spiv, Norman – that's just the media: what a lot of jokers – but we want to change your profile: soften your edges yet firm up your caring centre. You must be attractive to women – especially the B's and C's: do you think you can manage that?: start by flattening your hair – and trusted by men. Self-image is all-important: the caring sharing you must grow from within. Perception-wise, we've got to find the '90's man lurking deep inside you."

There is more mumbling on the tape.

Ron: "You seem to be doing your gym-work, chancellor, but we've got to down-size you faster: you're still too plump, too reminiscent of the young Nigel Lawson. That spells catastrophe. These are the classless '90's; slimness is where we're at. Don't you agree, Micky?"

Micky Muff: "Yeah, absolutely. I've been reading Juliet's press cuttings and there *is one aspect of your* image, Norm – your infamous Italianness – that we've really got to kill. Last December one of the papers likened you to a Neapolitan tenor: dark, fleshy, dramatic, with unexpectedly delicate gestures. From now on you're to eat nothing but salads and vegetables: smoked salmon salads, pan-braised celeriac, potato and mushroom ramekins. We'll sort you out, Norm."

The tape splutters furiously.

Juliet: "Of *course* we're on you're side, chancellor. Micky should have added that your appearance is deceiving. Even the papers say you are the soul of circumspection, a cool, calculating cabalist who has reached the peak of his career by augmenting natural talent with well-timed trimming."

Micky: "They also say he's raffish..."

Ron: "... Drop it right there, Micky. Remember, the budget is looming dangerously. The chancellor has much to do before his public re-appearance. Now then, Norman, say after me: 'I am a warrior. I am the champion. Might is right and right is...'"

There is a deafening crash, and the sound of glass shattering.

Ron: "After him, Micky. Sound the alarm, Juliet. Whatever happens, he mustn't escape..."

SPORT

Ice Hockey/**Peter Berlin**

LA enters the ice age

SPORTS fans in Los Angeles arrive late and leave early. They are a quiet bunch too. When the Kings ice hockey team play at home there are times when the only sound is the click-click of the puck being passed from stick to stick. But when No 99 passes there is no noise, just a click when the puck arrives, as if laser-guided, on a team-mate's stick.

Nowadays, there is a brief spell in the second period of each games when the Great Western Forum is as near full as it ever gets (many season ticket holders turn up only occasionally). Two years ago swathes of seats were empty throughout, but that was before The Great One, Wayne Gretzky, arrived.

Gretzky came to LA from Edmonton in August 1988. The Kings traded two budding stars in return, but, unusually for North American sport, the deal was anchored in cash. Peter Pocklington, owner of the Edmonton Oilers – and of Gretzky's contract – pocketed $15m. The Kings got the man who had rewritten the National Hockey League record books and led the Oilers to four Stanley Cup wins. More importantly, they bought themselves credibility.

Los Angeles is isolated in the sunshine, thousands of miles from the game's heartland in the snow belt. The Kings had a long losing record. Gretzky was a ready-made celebrity, a must-see genius of his sport and a tireless and polished PR man for ice hockey.

Gretzky holds almost every imaginable NHL scoring record. In ice hockey, players gain a point for each goal and *each assist – awarded to the last* two players to touch the puck before a team-mate scores.

Gretzky holds the records for most goals, assists and total points in a season and the most assists and points in a career. At 21 he scored 212 points; the previous record was 147. The one record he is still chasing is Gordie Howe's lifetime total of 801 goals, but then Howe also holds the records for most seasons played, 26, and most games played, 1,767. Gretzky, who turned 30 to a great fanfare last month, is in his 12th season. At his present rate he will break Howe's record before his 33rd birthday.

Gretzky chose his number, 99, partly in homage to Howe, his childhood hero, who wore 9. In turn, Mario Lemieux, Gretzky's heir apparent, wears 66 on his often-injured back.

Two-and-a-half years after Gretzky joined the Kings they sit on top of their division. Just after they had walloped the Vancouver Canucks 9-1 at the end of January, the Kings' dressing room was overrun with media, hockey players, baseball and golf stars and minor rock celebrities. The club is said to be making a handsome profit – previously it lost between $3.5m and $5m a season.

So what is the Great One's greatest contribution? The Kings' small, round owner, Bruce McNall, who made millions dealing in coins, stands amid the furore and briefly ponders: "Stallone and Candy come out to games now – that's changed the excitement level."

'I don't have a lot of speed or a lot of strength. I try to rely on my brains'

Indeed, just about the only time the fans make a noise is when John Candy, a Canadian comedy star, stands in his seat and acts as cheerleader. If a star tells you to shout in LA, you shout.

Where does Gretzky believe his talent lie? "I'm mostly a finesse player. I don't *have a lot of speed or a lot of strength.* I try to rely on my brains."

Gretzky's skating style may be unorthodox – he leans a long way forward and uses long, stiff-kneed strides – but he is fast enough. Against Vancouver he scored on a characteristic breakaway, skating two-thirds of the rink one step ahead of the pursuing Canucks, waiting for goalie Troy Gamble to commit himself, then flipping the puck round the goalie's body. If Gretzky were slow he would have been caught; but there are faster skaters who would not have anticipated the Canucks pass on which Gretzky pounced.

Gretzky, at 12 stone and 6 ft, is small by NHL standards. In hockey high-speed body contact is legal. Every team has its hard men and they all want to put the frighteners on Gretzky. But they cannot catch him.

In the middle of the high-speed mêlee that is an NHL game, Gretzky is easy to pick out. He is the one in yards of space, even when he is perched in the narrow corridor behind the opponent's goal orchestrating attacks.

He has the knack of wrong-footing opponents two strides before he reaches them. When there is no gap to squeeze through he will suddenly spin away, wheeling at centre ice, the puck glued to his stick until a team-mate is open. With a flick of the wrist another noiseless pin-point pass zips on its way.

Somehow, Gretzky can become invisible as well as silent. "He does a neat job of staying out of sight – out of your peripheral vision," said New York Islanders defender Gary Nylund. Gretzky is fond of saying: "I go where the puck is going, not where it was." It sounds easy, but only he is smart enough to do it.

He has unusual stamina. In Edmonton he would regularly spend twice as much time on the ice as other attacking players. In LA he is protected and takes a regular turn, every third shift. That, combined with the weaker supporting cast and a league-wide fall in goal-scoring, helps explain the slight downturn in Gretzky's scoring which made some of the 30th birthday stories read like obituaries – even so he again comfortably leads the league scoring race.

In addition, now that he has few records to break, perhaps Gretzky is pacing himself through the regular season, treating it like the glorified exhibition series it is, saving himself for the one prize that matters: the Stanley Cup. Nonsensically, the 21 teams in the league play 80 regular-season games apiece to eliminate just five teams from *the Stanley Cup play-offs, and the* Kings are in no danger of missing out.

The Great One: Wayne Gretzky has turned Los Angeles into a contender

Gretzky has always been able to raise his game even higher in the Stanley Cup play-offs, but will have to be at his peak if LA is to end its dismal record of never reaching the third round.

Four days before the Vancouver game, LA entered the final period trailing narrowly to New Jersey. But *rather than getting behind their team* the Forum fans wanted to get behind the wheels of their cars. As the Kings laid siege to the visitors' goal the fans streamed through the exits. Gretzky's purpose in LA is to keep them in their seats one evening in May long enough to see him hold the Cup aloft again. His motley supporting cast make that an implausible script, but Gretzky's greatest gift – the one that makes Tinseltown his natural home – is his ability to deliver the theatrical ending.

Soccer

Pressure play

THE resignation of Kenny Dalglish as manager of Liverpool yesterday demonstrates that in soccer even success has a price.

Dalglish explained: "The biggest problem was the pressure I was putting myself under in my desire to be successful."

Dalglish joined Liverpool as a player in 1977 and became manager the day after the Heysel Stadium tragedy in 1985. The next year he led them to the double of English League and English FA cup for the only time in their history. Since then he has won two further championships and one FA Cup.

Liverpool lead the First Division and next Sunday face a showdown with Arsenal, their chief rivals. They are still in the FA Cup, locked in a fourth round tie with their neighbours Everton after a 4-4 draw on Wednesday night. Next season they are likely to return to *European competition for the* first time since Heysel. If that is pressure, then it is the type of pressure any coach in sport would welcome.

It seems a strange time to go. Liverpool fans, who remember Dalglish's grace under extreme pressure after events at Heysel and four years later *at Hillsborough*, when 94 Liverpool fans died, speculated about behind-the-scenes dramas.

Dalglish has a reputation as tough negotiator on his own behalf. He was probably the best-paid manager in the English league with a contract worth at least £200,000 a year. Last year a benefit game was played on his behalf, almost unheard of for a manager, and yielded Dalglish £200,000. The club has also been worrying about whether it can afford to keep John Barnes, a player Dalglish bought, in the face of generous offers from Italy and Spain. Both areas could have caused friction between Dalglish and his board, as could his secretive and self-reliant nature.

Dalglish could surface at another club in the summer – Glasgow Celtic, his first team, perhaps his first love, are in a desperate state and Real Madrid will need to replace caretaker Alfredo Di Stefano. This would hardly square with his protestations that he could not stand the pressure. But all the signs suggest that pressure is the explanation.

Dalglish is always wary. Given the choice, he keeps his thoughts and emotions to himself and will often refuse to answer even the most innocuous questions, seemingly on the principle that he can see no reason to share his knowledge. He is a tightly-corked man.

During games he always stands in the dugout. He never sits down. He watches the play, his face pale and expressionless, thin lips pressed together, without allowing any release of emotion. Yet his very refusal to show his feelings conveys suffering. On Wednesday night in the middle of an exhilarating, joyous cup-tie against Everton he looked like a man being dissolved by his own digestive fluids.

In Liverpool his triumphs, and those of his revered predecessors Bill Shankly and Bob Paisely, mean that even success can be viewed as relative failure. Over the last three months he has not picked Peter Beardsley, the crowd's frail favourite, and has had to endure chanted demands from the terraces. On Wednesday he started Beardsley, who scored twice. Far from proving Dalglish's tactical acumen this was taken as a sign that he had been wrong all along.

Dalglish has also been the subject of second guessing about his ageing defence and midfield. Certainly the defence made three horrible mistakes but the whole team, driven by a cobbled-together midfield containing two defenders, dominated and produced patches of the flowing football that has been its hallmark for two decades. Dalglish must have been doing something right.

The task that faces Ronnie Moran, the coach who has been appointed caretaker manager, is to keep his injury-hit team playing well after the distraction of Dalglish's resignation. Liverpool have a tradition of appointing managers from within, which makes Moran the mostly likely successor; unless he has a disastrous three months. Other possibles are three former Liverpool players – Phil Neal, Graeme Souness and John Toshack – who have enjoyed mixed success as managers elsewhere and club captain Alan Hansen, whose playing days seem to be drawing to an end after a series of injuries.

Meanwhile, one immediate effect of Dalglish's departure will be to allow his chief rivals, struggling to emulate his success, to feel that the pressure on them has briefly eased.

P.B.